| | | |
|---|---|---|
| Austria ... Sch22 | Indonesia ... Rp3100 | Portugal ... Esc100 |
| Bahrain ... Din0.650 | Israel ... NS3.50 | S Arabia ... Rls6.00 |
| Belgium ... BFr48 | Italy ... L1600 | Singapore ... S$4.10 |
| Canada ... C$1.00 | Japan ... Y600 | Spain ... Pta125 |
| Cyprus ... C£0.75 | Jordan ... Fils500 | Sri Lanka ... Rup30 |
| Denmark ... DKr9.00 | Kuwait ... Fils500 | Sweden ... SKr8.00 |
| Egypt ... E£2.25 | Lebanon ... $L125.00 | Switzerland SFr2.20 |
| Finland ... Fmk7.00 | Luxembourg ... LFr48 | Taiwan ... NT$85 |
| France ... FFr6.50 | Malaysia ... Rin4.25 | Thailand ... Bht50 |
| Germany ... DM2.20 | Mexico ... Pes300 | Tunisia ... Din0.800 |
| Greece ... Dr100 | Morocco ... Dh6.00 | Turkey ... L500 |
| Hong Kong ... HK$12 | Netherlands ... Fl3.00 | UAE ... Dh6.50 |
| India ... Rup15 | Norway ... Nkr8.00 | USA ... $1.00 |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,375 Thursday October 29 1987 D 8523 A

A hard look at the economics of the Great Crash, Page 15

World News

## Iran 'ready to close Strait of Hormuz'

Iran said it might close the Strait of Hormuz, gateway to the Gulf, if an effective economic embargo was imposed on Tehran.

Meanwhile, Iranian revolutionary guards killed or wounded 500 Iraqi troops and seized a line of hills in an attack on northern Iraq's Kurdestan region, Tehran said. And Iraqi warplanes attacked three ships and Iranian oil targets, Baghdad reported. US allies cool, Page 3

### Ecuador emergency

President Leon Febres Cordero of Ecuador imposed a state of emergency and placed the media partly under censorship in an attempt to block a general strike by the nation's most powerful labour federation. Page 5

### Americans shot dead

Gunmen shot dead three Americans, including two airmen, and a Filipino near a US airbase and authorities immediately urged tens of thousands of US servicemen and dependents in the Philippines to stay indoors. Attache sent home, Page 4

### Ozone layer alarm

Swedish Environment Minister Birgitta Dahl said that a widening hole in the earth's ozone layer was alarming and called for urgent international measures to deal with the problem.

### US budget progress

Progress was made in talks between the White House and Congress on cutting the US budget deficit but the thorny issues of tax increases and spending cuts remained to be faced. Page 5

### *Hungarian spree*

Hungarians have embarked on a spending spree before the introduction of a value added tax next January which is forecast to boost inflation to more than 12 per cent next year. Page 4

### $1m Beirut ransom

A $1m ransom was paid for the release of a South Korean diplomat held hostage in Lebanon for 21 months, Shia Moslem militia chief Nabih Berri said.

### IRA guerrillas killed

Two Irish nationalist guerrillas were killed when a bomb they were carrying exploded in their hijacked car in Northern Ireland.

### New York fears

New York City has frozen municipal recruitment amid fears that the Wall Street crash could drag the city back into recession. Page 5

### Malaysia bans rallies

Malaysia arrested 63 people, including senior politicians, and banned all rallies in an attempt to curb racial tension between its ethnic Malay and Chinese communities. Page 16

### Amsterdam blockade

Dutch fishermen blockaded Amsterdam in protest at a ban on cod fishing.

### Bangladesh demo

Nearly 5,000 opposition activists demonstrated in Dhaka, Bangladesh, to muster support for a protest "siege" of the city on November 10 intended to topple the Government of President Hossain Ershad.

### Israel 'counts on US'

Defence Minister Yitzhak Rabin said Israel counted on the US to maintain its $1.8bn-a-year military aid despite efforts by Washington to cut overall spending.

### Ecu puzzles Britons

Most Britons think the Ecu (European Currency Unit) is a South American bird, a Belgian soccer player or a relative of the flightless Australian bird, the emu, a survey by a UK travel agency revealed.

Business Summary

## Volvo to sell Hamilton Oil stake to BHP

**VOLVO**, the Swedish automotive group, has agreed to sell its 49.6 per cent stake in Hamilton Oil, the US petroleum group, for US$393m to BHP, the Australian resources group.

**CONTINENTAL Illinois**, Chicago-based banking group, plans to sell all its Chicago-area community banks and certain mass-market retail operations as part of a restructuring programme, and it says it will further slim operations by selling outposts in Brussels, Madrid, Seoul and Taipei. Page 17

**GENERAL MOTORS**, world's largest car and truck maker, has reported sharply higher third-quarter earnings, with group net profits rising to $812.3m on sales of $22.61bn against $345.1m on sales of $22.84bn a year earlier. Page 17

**GOLD** rose $1.75 on the London bullion market to close at $477.5. In Zurich it rose to $478.25 ($473.25). Page 29

**DOLLAR** fell in London to DM1.7530 (DM1.7635); to Y139.25 (Y141.60); to FFr5.8750 (FFr5.9075); and to SFr1.4440 (SFr1.4540). On Bank of England figures the dollar's exchange rate index fell to 98.8 (99.6). Page 29

**STERLING** rose in London to $1.7100 ($1.6960); to DM2.9975 (DM2.99); to FFr10.05 (FFr10.02); to SFr2.47 (SFr2.4650); but fell to Y238.25 (Y240.25). Pound's rate index rose 0.3 to 74.4. Page 29

**CHEVRON**, fourth biggest US oil company, reported third-quarter net earnings rose to $245m, or 72 cents a share, from $208m, or 61 cents, for the same period a year ago. Page 17

**PRIMERICA**, financial services and retailing group, has sharpley increased earnings from continuing operations in the three months to September to $53.8m, or 91 cents a share, against $46.2m, or 75 cents a share, in the third-quarter of 1986. Page 17

**AMAX**, US coal, base metals and gold mining group, reported a strong third-quarter operating net profit of $112.3m, or $1.15 a share, compared with an $11.8m, or 18 cents, loss for the same period last year. Page 17

**INTEL**, US semiconductor manufacturer, is planning a $95m semiconductor manufacturing technology development facility at its headquarters in Santa Clara, California. Page 17

**WOOD GUNDY**, **Dominion Securities** and **McLeod Young Weir**, three Canadian investment dealers, stand to be among the hardest hit companies if the UK Government proceeds this week with the BP privatisation, which closed yesterday. Page 17

**NEWMONT** Australia, 75 per cent owned by Newmont Mining of the US, lifted net profits to A$39m (US$27.3m) in the first three-quarters of 1987 from A$23.82m a year earlier on turnover of A$82.3m against A$44.3m. Page 19

**WESGO HOLDINGS** of Sydney has challenged Hoyts Media's recently won crown as Australia's leading radio operator with an A$71.5m (US$50.1m) deal to buy the broadcasting assets of the troubled Amalgamated Wireless Australasia group. Page 19

**WATTIE INDUSTRIES**, New Zealand group which is to merge into Goodman Fielder to create an Australasian foods multinational, produced an 80.8 per cent jump in net operating profits to NZ$88m (US$54.3m) for the year to July. Page 19

**FIRST NATIONAL** Bank, former Barclays South African offshoot, reporterd total assets rose to R20.6bn ($10.1bn) at Septermber-end, compared with R18.2bn a year earlier. Page 17

**CDF CHIMIE**, French state-owned chemicals group, will make profits of about FFr1bn ($169.5m) this year, its first positive result since 1979. Page 18

Central banks fail to halt slide • Markets doubt Group of Seven strategy

# Dollar hits seven-year low

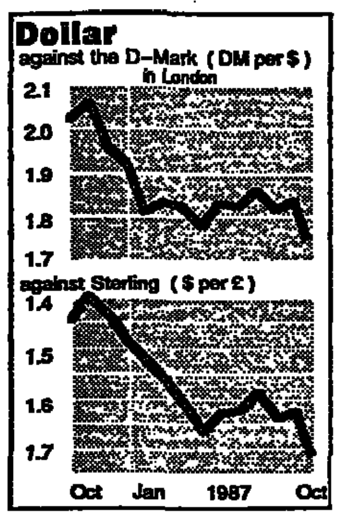
BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

THE DOLLAR tumbled further to new seven-year lows on foreign exchange markets yesterday, despite concerted attempts by leading central banks to brake its recent slide.

Central banks in Europe and Japan launched a round of dollar purchases as soon as trading opened yesterday. They sought to buttress the intervention with a spate of official statements reaffirming their support for last February's Louvre accord aimed at stabilising the dollar.

The Bank of England was particularly active as the pound rose to its highest level since 1982 against the dollar and registered gains against other European currencies. That in turn strengthened speculation in London's financial markets that the Bank may soon repeat last week's half-point cut in interest rates.

Mr Gerhard Stoltenberg, West Germany's Finance Minister, said that the Group of Seven industrial nations were prepared to step up their efforts to prop up the dollar. He also suggested that West Germany was reviewing its interest rate policy, but said he expected no immediate decisions. There were no plans at present for a meeting of the seven and cuts in the US budget deficit remained the most urgent priority, he added.




The intervention failed to persuade foreign exchange markets that governments of the Group of Seven had an agreed strategy to reverse the downward trend; the consensus is said to be that the central banks were seeking to manage rather than halt the US currency's decline.

That view was reinforced last night by comments by Mr Jacques Delors, President of the European Commission, who said in Strasbourg that the US was prepared to see the dollar fall to as low as DM1.60. He was also sharply critical of West Germany's interest rate policy.

His remarks brought an instant reaction in the New York foreign exchange markets where the dollar's fall accelerated. They also prompted an immediate denial from the US Treasury, which said they did not represent US policy.

Yesterday the Bank of Japan, the Bank of England, the Bank of Italy and several smaller central banks bought dollars during European trading.

Traders said, however, that the purchases were not on a sufficient scale to persuade the markets that the US currency would now stabilise. In Tokyo, for example, the Bank of Japan's dollar purchases were estimated at only between $30m and $40m.

In London a sharp fall in sterling interest rates intensified speculation that the British Government will move to cut base rates from 9.5 to 9 per cent if it goes ahead with its sale of BP shares.

The dollar closed in London at a seven-year low of DM1.7530, down from DM1.7636 on Tuesday, and at Y139.25, down from Y141.60. The pound closed at $1.7105, compared with $1.6960 on Tuesday.

Markets in turmoil, Page 2; Editorial comment, Page 14; Lex, exchange controls, Page 16; Currencies, Page 29

# Markets swing in volatile trading

BY JANET BUSH IN LONDON AND RODERICK ORAM IN NEW YORK

WORLD equity markets failed to build on Tuesday's fragile recovery yesterday as the dollar suddenly started falling rapidly on foreign exchanges.

Business was extremely volatile as share prices closely tracked movements in the US currency.

A round of coordinated intervention by European and Japanese central banks yesterday morning, joined later by the US Federal Reserve Board in New York, provided only temporary stability for the dollar and equities.

On Wall Street share prices swung wildly, with the Dow Jones Industrial Average slumping in early trading under pressure from the weak dollar before surging more than 100 points to stand 35 points up on the day after the Fed's intervention in the currency markets and its supply of substantial extra reserves into the banking system.

A further sharp fall in the dollar after European bourses had closed set Wall Street nerves jangling again.

In highly volatile business late in the session, the Dow slumped to a loss on the day of 25 points, before recovering just as swiftly to close 0.34 points up at 1,846.83.

This extreme volatility existed despite the very low level of trading of stock index futures, blamed widely for last week's wild swings in the equity market.

Three issues dominated attention. The most important in the longer-term remains talks between Congressional and White House officals and President Ronald Reagan on measures to reduce the US budget deficit. Action on the deficit is regarded as necessary for any sustainable stabilisation of equity markets.

However, trading was also particularly tied to the dollar's fortunes.

Markets fear that any sustained pressure on the dollar, and a willingness to let it slide by key members of the Group of Seven leading industrial nations, would reduce any scope the US authorities have to cut the discount rate. Lower interest rates are seen as a key potential prop to the equity market.

Thirdly, the prospect for substantial losses for the underwriters of the British Government's British Petroleum share sale has been weighing on sentiment on both sides of the Atlantic.

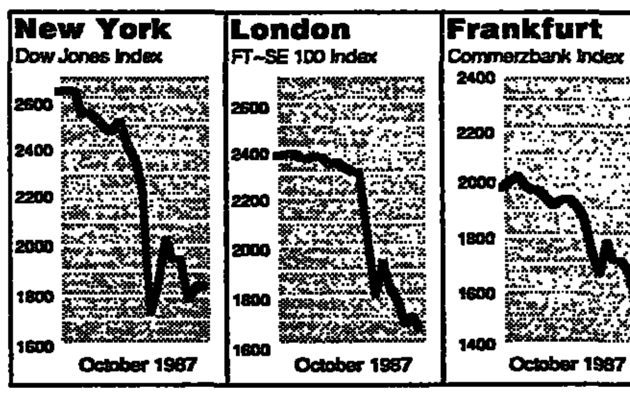
Some traders in New York said the heavy burden of the BP issue on the London market was responsible for some British investors selling stock in New York.

Mr Nigel Lawson, the British Chancellor of the Exchequer, made clear his preference on Tuesday that the issue should go ahead and could announce a final decision today.

Mr Nicholas Knight, equity analyst at securities house James Capel & Co, said the is-

Continued on Page 16

Economics of the great crash, Page 15; Lex, Page 16; London stock exchange, Page 38; World stock market reports, Page 40




## SHARE MOVEMENTS AT A GLANCE

***New York:*** *Wall Street rallied*, reversing an early 65 point plunge in the Dow Jones Industrials Average, to close up 0.33 at 1,846.82. Strengthening of prices came as European central banks initiated a coordinated action to shore up the flagging US dollar.

**London:** Share prices rose on the firmness of Wall Street after falling 105 points early in the day. The FT-SE 100 closed off 44.9 points at 1658.4.

**Tokyo:** Rumours that the Louvre accord on the dollar had come unstuck pushed the Nikkei 225 stock-index down 257.43 points on the day to close at 22,577.53.

**Hong Kong:** Broking houses sold into a strong market in order to unwind long positions linked to the index futures market, shaving 25.56 points off the Hang Seng Index to close at 2,370.16.

**Singapore:** *Racial tensions* and political troubles in neighboring Malaysia helped push the Straits Times Industrial index down another 6.5 per cent to 812.90.

**Sydney:** Australian shares saw their first rally since last Monday, with the all-ordinaries index posting a record one-day gain, up 71.6 points at 1,388.3.

**Frankfurt:** The plunge in the dollar fuelled a new sell-off of German shares. The Commerzbank Index touched a new low for the year at 1,496.9, off 5.6 per cent on the day.

**Zurich:** The Swiss Index closed down 5.5 per cent at 847.7 points, with some blue chips off by as much as 15 per cent.

**Milan:** Milan shares hit another new low for the year, off 2.22 per cent at 750.

**Paris:** The CAC General index plunged by 6 per cent to 298.7.

# Morgan Grenfell suffers heavy losses and senior defections

BY HUGO DIXON IN LONDON

MORGAN GRENFELL, the British merchant banking group, has made heavy losses in New York as a result of the stock market crash and has also suffered senior defections.

In a separate development TSB, the UK banking group, said yesterday the sharp decline in share prices meant it was not certain to continue with its £777m ($1.3bn) bid for the merchant banking group Hill Samuel. It would not make its final decision until Monday, when it is holding an extraordinary general meeting to ask its shareholders to approve the takeover.

Morgan Grenfell said yesterday it had made losses of $14m on risk arbitrage, the business of trading equities on its own account, so far this year. This business had been profitable until last week, so losses since then are likely to have been substantially more.

At the same time, it was revealed that Mr Keith Harris, president of Morgan Grenfell Inc, the US merchant banking subsidiary, and three corporate financiers had resigned.

Morgan also said it had made losses of just under £5m in London on market-making since October 16. However, its equities business as a whole was still in profit so far this year, it said.

The Morgan Grenfell defections are said to have no connection with the trading losses. All four men are joining Drexel Burnham Lambert, the US securities house, where they are going to form the core of the New York end of an international corporate finance business being set up by Drexel. The London end of this business is being run by Mr Trevor Swete and Mr Christopher Roshier, who were sacked as head and deputy head respectively of Hill Samuel's corporate finance department in September for negotiating the sale of their department to Barclays Bank.

Morgan said its US operations apart from risk arbitrage, which include stock broking, corporate finance, asset management and swaps, had performed strongly this year. Following the crash, it had reduced the size of its risk abitrage book from $60m to $20m to avoid further losses.

It was firmly committed to the US and had no intention of closing its operations there.

TSB, meanwhile, said it was still more likely to proceed with the Hill Samuel bid than not. But "the interests of TSB shareholders have got to be borne in mind. There is no way we are going to pay a ludicrous price."

TSB's offer document for the merchant bank allows it to pull out if there had been such an effect. It could also pull out if its shareholders voted against the bid on Monday.

### France postpones Suez quotation

**France postponed the quotation of Compagnie Financiere de Suez, the state-owned financial group whose flotation was due to begin today. In London, underwriters of the British Petroleum share offer were making a last-ditch attempt to have the issue withdrawn. The offer closed heavily undersubscribed.** Page 16

# Reagan rules out Star Wars concessions

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan yesterday renewed his invitation to the Soviet leader Mr Mikhail Gorbachev to visit the US and pledged to intensify arms control talks at this week's meeting with the Soviet Foreign Minister, Mr Eduard Shevardnadze.

President Reagan: tough language

Using tough language ahead of his talks with Mr Shevardnadze, Mr Reagan called on the Soviet Union to drop demands for curbs on the US Strategic Defence Initiative, the space-based missile defence system.

As expectations mounted in Washington and Moscow that Mr Gorbachev is prepared to hold a summit with President Reagan this year, the President carefully avoided the impression that he was over-eager for such a meeting in the twilight of his presidency.

He told 4,000 military cadets at the West Point Academy: "Summits can be useful for leaders and for nations - occasions for fresh talk and a bridge to better relations. But a summit is not a precondition for progress on the agenda at hand."

Mr Reagan said the two superpowers were close to a "historic" pact to eliminate their medium and shorter range missile arsenals, and much progress had been made on proposals to cut in half their strategic ballistic missiles.

Last Friday in Moscow, Mr Gorbachev told Mr George Shultz, US Secretary of State, that he was not comfortable in agreeing to a summit without concessions on the SDI programme and withheld setting a firm summit date.

The latest Soviet position should be outlined in a letter from Mr Gorbachev to President Reagan to be carried by Mr Shevardnadze when he arrives in Washington tomorrow. A senior Gorbachev aide quoted in the New York Times suggested that Mr Gorbachev may have softened his demand that progress on SDI is a summit precondition.

Mr Anatoly Dobrynin, a former Soviet ambassador to the US, said in the interview: "There were no preconditions other than Reagan's willingness to discuss in full questions of defensive weapons and deep cuts in long-range missiles."

Mr Reagan signalled his opposition to any concessions on SDI yesterday. "The Soviets must stop holding strategic offensive reductions hostage to measures that would cripple our SDI."

*Turning to the near-complete* deal to eliminate medium and shorter-range missiles (INF), Mr Reagan looked at the implications of an agreement and expressed strong support for efforts by the West European allies to have closer defence co-operation.

Some arms control observers have suggested that the INF deal could "decouple" Europe from the US, while others have suggested that it will force the Allies to bear more of the defence burden.

Mr Reagan said that a large force of submarine-based and ground-based nuclear weapons would remain in Europe, but he declared: "I would submit that now the Alliance should become more and more among equals, indeed an alliance between continents."

**Patrick Cockburn in Moscow writes:** Soviet spokesmen this week have sounded surprised that Mr Gorbachev's refusal to set a summit date had been interpreted as ruling out such a meeting for the foreseeable future.

In fact, Mr Gorbachev said at the time that he would look forward to a summit with Mr Reagan in Washington this year but did not spell out precisely his preconditions.

The motive for the Soviet move last week is clear enough: Mr Gorbachev wants to use the momentum of a successful INF treaty (now all but finally agreed) and a summit to set off what he has described as "a chain reaction" which would lead to agreement to limit SDI and thus open the way to 50 per cent cuts in the strategic nuclear arsenals of the two sides.

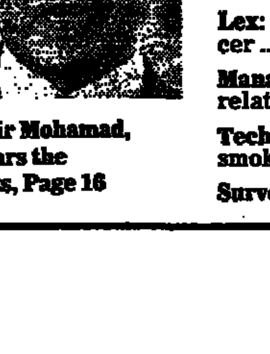
Moscow certainly has not abandoned this objective but is also anxious not to disrupt the diplomatic dialogue which it has developed with the US. It is *conscious of the advantages of* signing a nuclear disarmament treaty with a president of the right like Mr Reagan, who will be largely invulnerable to attacks from the US political right for being soft on communism.



CONTENTS



CRACKDOWN ON THE PRESS AND POLITICS IN MALAYSIA



Premier Dr Mahathir Mohamad, who says he fears the danger of race riots, Page 16

**MARKETS UNIMPRESSED BY INTERNATIONAL ATTEMPT TO DEFY GRAVITY**

# Central banks try to put a rein on the dollar

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

AS THE dollar continued to slide on foreign exchange markets yesterday, the world's leading central banks found themselves in the uncomfortable position of trying to defy gravity.

The first public display of co-operative spirit by the central banks since the turmoil on financial markets began two weeks ago left the foreign exchanges distinctly unimpressed. The consensus there was that intervention might brake the US currency's fall, possibly even reverse it for a while, but would do no more than that.

Until last Friday, the dollar had been more or less insulated from the global stock market crash which began on Wall Street. But the re-emergence of obvious strains between the Group of Seven nations and the almost universal agreement among independent economists that it remains overvalued made a switch in focus to the dollar almost inevitable.

The central banks initial reaction appeared to reinforce that view. Monday and Tuesday of this week saw only token resistance from the authorities as the dollar moved to seven-year lows against the D-Mark. "It has happened. We can live with it," was the comment on Tuesday evening of one senior European monetary official.

Yesterday, the view was that the fall was in danger of getting out of hand and the US Federal Reserve, which has been decidedly reluctant in recent months to support its own currency, was moved to join the concerted action.

The banks, however, were not defending specific target ranges for the dollar. Participants in meetings of the Group of Seven made it clear last week that February's Louvre accord to stabilise the dollar did not involve precise target ranges. The US in particular has consistently refused to set limits for fluctuations in its currency's value.

> The re-emergence of obvious strains between the Group of Seven nations and almost universal agreement among independent economists that the dollar is overvalued made it inevitable that attention would focus on the US currency.

The events of the last few days also suggest that West Germany's Bundesbank is determined not to accept a significant weakening of its control over domestic monetary policy as a price for exchange rate stability. Despite the public *rapprochement* between Frankfurt and Washington 10 days ago, tensions clearly remain.

Those have been underlined again this week by Mr Nigel Lawson, Britain's Chancellor of the Exchequer. He has replaced Mr James Baker, the US Treasury Secretary, as the principal public critic of West Germany's refusal to lower its interest rates.

The, albeit oblique, message from Frankfurt, however, is that if the choice has to be made between accepting a higher D-Mark against the dollar or risking an upturn in inflation, it will opt for the former. The West German central bank also appears to be increasingly irritated by what it sees as the failure of other nations to recognise the domestic political pressures it faces to meet its money supply targets.

In private, there are suggestions that the chorus of international criticism which now greets every fractional rise in West German interest rates could prove counterproductive. If the Bundesbank finds it impossible to raise rates when it deems necessary, it will be less inclined to take opportunities to lower them.

Perhaps more fundamentally, attempts by the central banks to stabilise the dollar in the face of a US trade deficits running at $15bn a month have never looked sustainable. In a confidential report to governments last month, the International Monetary Fund warned that, on the basis of unchanged policies and exchange rates, the US would still face a current account deficit of more than $150bn in 1991.

Economists at the Fund would probably modify that view slightly in the light of the impact of the stock market crash on US growth and of the increased urgency with which Washington is approaching cuts in the budget deficit. But despite the obvious improvements in the volume of trade flows, the resilience of the US trade deficit and the parallel surpluses in Japan and West Germany has been far greater than expected in February.

Industry in Japan, in particular, has been able to absorb the impact of a much higher yen. And if West Germany's trade with the US has shown a more marked improvement, its surplus with its other main trading partners has continued to rise.

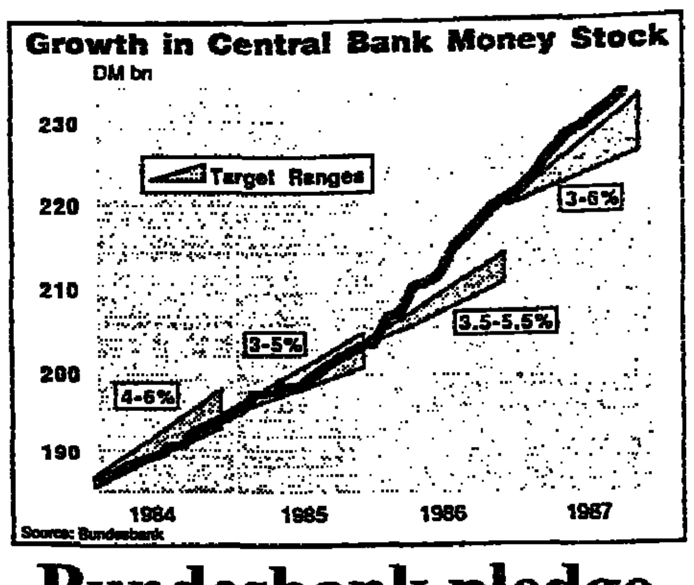
In private conversations, senior officials in both West Germany and Japan are prepared to acknowledge that over the medium term at least the dollar should decline further - if only to take account of inflation rate differentials.

The concern reflected in yesterday's intervention, however, is that too immediate and too rapid a decline would simply feed through in higher US inflation rather than into improved export performance. In those circumstances US interest rates might rise sharply, pushing the economy further towards recession, while industrial confidence and investment outside the US would take a further severe knock.

"Exchange rate adjustment on its own will not provide the answer. That is simply a recipe for higher inflation," one senior European central banker commented.

The central banks can also take some comfort from the fact that despite the speed of its fall over the past few days, they have managed to keep the dollar fairly close to the levels seen in the spring. Yesterday's rate against the D-Mark was less than 4.5 per cent below the level seen in February.

The cost of that stability, of course, has been a massive accumulation of dollars by central banks. As private investors, particularly those in Japan, have become increasingly reluctant to finance the twin US deficits, intervention by the central banks has reached around $90bn. How long the banks will be prepared to accumulate dollar assets at that rate is far from certain.




# Bundesbank pledge on Louvre accord

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY *yesterday* reaffirmed its commitment to the Louvre accord aimed at stabilising exchange rates, though the dollar fell to its lowest level since January, 1980.

Mr Claus Koehler, a director of the Bundesbank, said it was not true that the West German central bank was now deliberately prepared to let the dollar ease gradually in order to help correct world economic imbalances.

"One cannot say that." The dollar had already been fluctuating before the Paris agreement in February to stabilise the dollar "at around current levels" - the rate at the time of the accord was around DM1.82.

"It is not the case that we now want to have lower rates." Although the market was pushing the rate down, with a fixing level in Frankfurt yesterday of DM1.7491 against DM1.7764, "nothing has changed," Mr Koehler said of the Louvre commitment.

Some foreign exchange dealers and ecomomists have suggested that the Bundesbank is prepared to allow an orderly decline in the US currency towards the DM1.70 level.

Yesterday, the Bundesbank joined with other central banks in intervening to try to brake the dollar's fall. It also acted to increase money market liquidity through currency swaps, providing D-Marks for dollars.

One cause of the West German currency's increased strength against the dollar, dealers said, was this week's publication of the higher DM11.5bn($6.6bn) trade surplus for September, even though much of the increase was due to trade with Europe rather than North America.

Answering criticisms that the Bundesbank and the Government in Bonn had done too little to stimulate demand, Mr Koehler said: "We allowed domestic demand to rise faster than gross national product in 1986 and that will happen again in 1987. This means that in real terms, the current account surplus will be less." (Last year, West Germany had a trade surplus of DM112bn and a current account surplus of DM78bn.)

For the second year running, West Germany's central bank money stock is set to exceed its target. But with inflation still minimal, critics of the Bundesbank charge that there is scope for more monetary growth to put more life into the sluggish economy.

"In my view," said Mr Koehler, "we will be well advised to keep in mind the current account problem, to try to maintain the interest rate differential with the US, and bring calm to the market by intervening when necessary."

At present, West German long-term government bond interest rates are about 2.5 per cent lower than in the US compared with a 1 per cent difference at the start of the year. In October, the difference was around 3 per cent.

# Employees of Suez may face losses

By Clay Harris in London and George Graham in Paris

SOME EMPLOYEES of the London branch of Banque Indosuez may face losses after having borrowed money to subscribe for shares in the privatisation of its French parent, Compagnie Financiere de Suez, the banking and investment group.

The shares are expected to open below the FFr317 offer price when official trading begins today. Suez has stated that it will not try to support the share price.

Before the recent crash in share prices, some London employees are believed to have committed themselves to borrow more than six times their annual salaries, in the belief that applications would be scaled down and with the intention to sell immediately for a quick profit.

They were not alone, as Suez has also noted heavy applications, often backed by credit, from other overseas offices including Stockholm and Lausanne.

In London, the staff involved are not all City high-fliers; some are paid less than £10,000 a year. The loans were offered by several British clearing banks, not Indosuez itself.

Employees and former employees applied for 1.8 times the 4.9m shares reserved for them, with 60 per cent of the 30,000 people eligible submitting applications. Allocations have not been announced.

Suez regards the level of subscription as "astonishingly strong" in view of its refusal to make special loans or privatisation bonus payments to employees, as several companies earlier in the French privatisation programme had done. Many of its employees are already heavily committed to large mortgages.

Cleveland Securities, the London licensed dealer, was offering yesterday to buy Suez shares at FFr300 and to sell them at FFr310 in the unofficial "grey market."

At that price, employees who applied under a 5 per cent discount scheme, which carried no restrictions on length of ownership, would show a small loss per share. Shares were also offered at a 20 per cent discount to employees willing to have the holding frozen for two years.

Mr David Grove, human resources manager at Indosuez's London branch, was aware that other banks had offered to lend money to fund share purchases by Indosuez employees. He said this was a common practice and the decision to borrow was left to the individual.

Some employees felt, however, that the bank was encouraging them to buy shares and was sanctioning the other lenders' promotion of credit lines.

Indosuez has offered to deal in the shares on its employees' behalf. It told them yesterday that it would seek to obtain the best possible price.

Worldwide, three quarters of the employee applications were for shares which can be sold immediately. Suez wants to scale these down, while meeting in full the applications of those who have committed themselves for two years. The Finance Ministry wants both groups to be scaled down.

Suez's hard-core shareholders are expected to top up their stakes in the market

# Wall Street settles the fallout

By Roderick Oram in New York

*SETTLEMENT IS* proceeding smoothly for the record volume of stock trades which deluged Wall Street during last week's market rout, according to brokerage firms and clearing organisations.

Further fallout from the financial strain on market-making specialists, however, continues to show up. Two firms of specialists on the American Stock Exchange have been sold to larger firms following trading losses last week, taking to three the toll of market-makers.

The peak volume of trading last Monday and Tuesday has been settled on time within the normal five-business day cycle. Wall Street was working yesterday on the smaller volume generated last Wednesday.

Institutions traded a record $51bn of stocks on both Monday and Tuesday last week, according to the Depository Trust Company, the settlement organisation owned by some 400 brokers and 200 banks. The previous record was $46bn, but that was a "double settlement day" when a Bank Holiday meant two sessions were cleared on the same day. The figures do not include trades by most retail investors.

## Extra sessions

Back office staffs of Wall Street brokerage firms have been working from early in the morning to late at night and over the weekend to handle the huge volume of orders. In addition, the New York Stock Exchange held extra sessions on Saturday and Sunday to allow specialist and floor brokers to clear up questioned trades.

The burden has eased this week. Trading is ending two hours earlier than usual and volume has fallen to a level only somewhat ahead that of normal heavy days.

Huge trading volumes have not produced a comparable blizzard of stock certificates. Well over 90 per cent of the stocks and bonds held by the DTC, valued at $3,100bn before the crash, are handled by computers on a "book entry" basis. Usually it is only retail customers who ask for a paper certificate these days.

The American Stock Exchange stressed yesterday that Santangelo & Co, the bigger of the two specialists taken over, had never breached the exchange's minimum capital requirements although it had suffered large losses. It made markets in 28 common stocks, nine options, two warrants and three preferred issues.

# UK investment bank groups expect the biggest to benefit

BY DAVID LASCELLES, BANKING EDITOR

UK INVESTMENT banking groups are putting on a brave face amid the chaos in the markets, claiming that it will not affect their plans fundamentally. But there is a widespread belief that the upheavals will hasten the shift of business towards the larger, well capitalised groups, especially those with a widely balanced operations.

"This will be a test of staying power which will affect both the large and small houses," said Mr Geoffrey Redman-Brown, secretary to the board of Phillips & Drew, which is part of the Union Bank of Switzerland group. "But I think this will benefit the larger houses."

The crash has come just as the City's leading investment banks like Barclays de Zoete Wedd, S.G. Warburg, County NatWest and Kleinwort Benson, have spent vast sums of money to create new securities operations and expand into leading financial centres overseas, particularly the US and Japan.

If the markets keep plunging, the whole rationale underlying that expansion could be destroyed. But the prevailing view - at least for the moment - is that the strategy still holds, and that, shocking though the past two weeks have been, they are no reason for suddenly calling everything to a halt.

"We are in this for the long term. We are not about to do a Shearson Lehman," said the chairman of one UK group, referring to recent staff cuts by the US investment bank.

Virtually all the leading groups have suffered losses either because of their trading positions or through specialist activities like arbitrage. These have to some extent been offset by gains in the gilt-edged market. But in the longer term, the market downturn will also hurt other aspects of their business, like corporate finance, development capital and brokerage, as activity dwindles.

But none is prepared to say that lay-offs or closures are on the way. Some larger groups are even saying that their rapid expansion has left them painfully short of good staff, and they intend to snap up whatever talent appears on the jobs market.

Nevertheless, some staff reductions seem inevitable

Two banks which have been able to take a more detached view of events are Midland and Lloyds. Neither is in equity market-making: Lloyds by choice, Midland because it pulled out several months before the crash. "This is less bad news for us than for most, but we are not being gleeful about it," said Mr Robert Owen, chief executive of Lloyds Merchant Bank.

The groups most likely to ride the storm are those with good capital strength, such as the largest merchant banks and the subsidiaries of clearing banks, and those with a diverse business with other operations which can offset losses in the equity market. For instance, groups which have been able to capitalise on the booming gilt-edged market are suffering less.

Previous experience of a severe bear market is also a help. "We have a lot of people here who remember 1974 and they know what tough times are like," said one executive.

The crash is certain to have an impact on earnings. Aside from their own dealing losses, many groups may have to take losses if their clients cannot settle their trades. Unlike the US, UK houses do not lend large sums of money to their clients, though they may roll over debit balances from the end of one account to the next.

# US pursues bank act amendment

By James Buchan in New York

**THE US Administration is sticking to its policy of seeking to open the securities market to commercial banks despite this month's savage reminder of the risks attending stock market activity. A senior Treasury official yesterday urged Congress to amend the Glass-Steagall Act, passed after the 1929 stock market collapse, that prevents commercial banks from entering the securities industry.**

**In a statement for delivery to the House Banking Committee, Mr Robert Clarke, Comptroller of the Currency, said that the US financial system had shown "considerable resilience" in the face of shocks.**

**"I remain convinced that a properly structured financial system would permit the combination of investment banking and commercial banking and handle shocks effectively," Mr Clarke said. He suggested that banks might affiliate with securities firms and form subsidiaries separate from their *commercial banking activities.***

**Mr Clarke's remarks shows that the Reagan Administration is firm in its desire to see reform of the 1933 Glass-Steagall Act, despite renewed arguments that the securities business is inherently too risky for deposit-taking institutions.**

**The act, which barred commercial banks from underwriting corporate securities, has received additional support with this week's revelations that Continental Illinois, the Chicago banking group, had lost about $90m from its recent back-door excursion into securities through its First Options subsidiary, which clears options trades and lends money to traders.**

# Writs served on futures traders in Hong Kong

BY DAVID DODWELL IN HONG KONG

THE Guarantee Corporation of *Hong Kong's beleaguered futures exchange yesterday* issued writs against 39 suspended exchange members aimed at recovering HK$1.8bn ($230m).

The companies have been suspended because they have failed since the market re-*opened on Monday to provide* the fresh deposit, or "margin", required to cover the steep fall in Hang Seng index futures prices over the past 10 days.

The October futures index stood last night more than 1,600 points below its closing price *two Fridays ago. Many traders* face extreme difficulty in finding the HK$80,000 extra margin per contract which such a fall requires them to pay. A total of almost 40,000 long contracts remained to be settled at the beginning of the week.

The biggest single writ, for HK$845m, has been filed against Mr Lee Kwokwing, trading through a company called Solid Futures Ltd. This company held 11,300 long contracts when stock market prices crashed worldwide 10 days ago. Many of these contracts are understood *to have been purchased by Mr Robert Ng,* who heads the property group Sino-Land.

Also named among the companies facing writs is Chine Kit, which is controlled by Mr Ronald Li, chairman of the Stock *Exchange, and Kobayashi (Hong* Kong) and Nishida (Hong Kong), two Japanese-owned futures traders. Mansion House and Forex, two leading local stockbrokers, are also facing prosecution.

Ten days ago, just before trad*ing on Hong Kong's futures and* stock exchange was suspended, the Guarantee Corporation would have been unable to cope with potential defaults on this scale. Capitalised at just HK$15m, it would have been bankrupted instantly.

*Meanwhile, trading remained* frail on the futures exchange, with October Hang Seng index contracts trading at 2,200, ninety points below Tuesday's close, and 170 points below the spot index. November and December contracts slumped

# SIB chief urges closer links

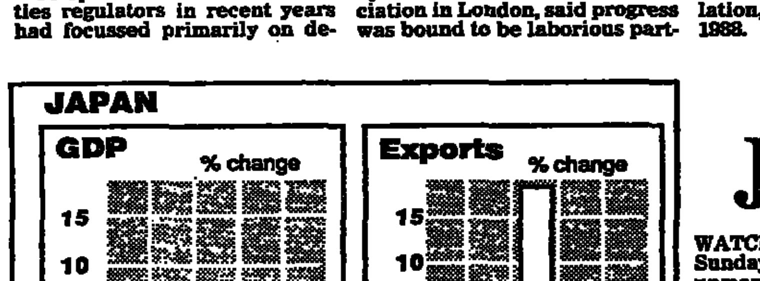
BY HUGO DIXON

THE CRASH in world stock markets has made it more urgent for their regulators to co-operate, Sir Kenneth Berrill, chairman of the Securities and Investments Board, the umbrella supervisory body for Britain's securities markets, said yesterday.

Co-operation between securities regulators in recent years had focussed primarily on devising a common approach to market malpractices such as insider trading, Sir Kenneth said. The events of the past week, however, meant common standards on capital adequacy for firms operating in securities markets was a high priority.

Sir Kenneth, who was speaking at a conference organised by the International Law Association in London, said progress was bound to be laborious partly because of the way banking and securities businesses had become intermingled.

At the same conference, Mr Francis Maude, the UK's Minister for Corporate and Consumer Affairs, said the Wilton Park Group, a forum for governments in leading industrialised nations to discuss securities regulation, would next meet early in 1988.




It's business as usual for the present, but the longer term outlook is less certain.

# Japan counts cost of the crash for economy

WATCHING THE crowds on Sunday in the Ginza, the most upmarket of Tokyo's upmarket shopping centres, it was hard to believe that the stockmarket crash would make many Japanese feel poor.

*Most people, especially the* foreigners, were just window-shopping. But there seemed to be enough clothes, jewellery, and audio equipment being sold to justify retailers' claims that the plunge in share prices which has shaken world finan*cial centres has had no effect on* sales.

Mitsukoshi, the grandest of Tokyo's department store groups which specialises in imported luxuries, said yesterday that so far at least there had been no decline in sales, nor did it expect to see one.

Mitsukoshi's confidence echoes the public remarks made in past 10 days by many politicians, bankers and economists that the stock market crisis is no reflection on the Japanese economy, which is fundamentally strong and which will easily ride out the effect of the fall in equities.

The truth of these claims will only become apparent over the next months and years. Moreover, the course of events will be *strongly influenced by the* way the leaders of industrialised countries react to the difficulties they face. Nevertheless it is possible now to consider a few elements of the economic equation.

First, it seems clear that the direct impact of the crash on households in Japan will be much smaller than in the US. While some 40 per cent of the personal wealth of Americans is tied up in stocks and bonds, these instruments account for only 12.7 per cent of Japanese personal financial assets. Moreover, *while Wall Street has fall*en about 30 per cent off its peak, Tokyo is 20 per cent down.

As a result, household consumption is likely to suffer less than in the US, though the effects are difficult to quantify. UBS Phillips & Drew, the stockbroker, *estimates that if stocks* stayed 20 per cent down for a year, then private consumption might fall by 0.5 per cent, taking about 0.3 per cent off GNP growth.

This is not welcome, but it is not fatal at a time when the Japanese economy *is forecast by* the Government to grow at 3.5 per cent in the fiscal year to March 1988.

However, the indirect effect on consumers' confidence could be greater than this figure implies, as people react to the shock of the crash by increasing saving, even if they can afford to spend. Mr Noboru Kagami, managing director of Nomura Investment Management, a subsidiary of the securities company, says: "The effect will be *greatest on big ticket items* - art, for example."

Companies as well as consumers may grow more cautious, especially those which invested heavily in the financial markets to boost profits - a widespread practice known as *zaitech*. In stark contrast to most public pronouncements, Mr Eiji Suzuki, president of the Japan Federation of Employers' Association, said yesterday that the *stock market crash could have* an adverse effect on the Japanese economy. He urged the government to buy shares to *support stock prices.*

However, Japanese economists are generally more concerned about the international than the domestic effects of the crash - especially in the US. Japanese exports account for some 15 per cent of GNP, and *about one third go to the US.* Phillips & Drew calculates that a 1 per cent decline in domestic demand in the US, caused by the stock market crash, could knock 0.75 per cent off economic growth in Japan next year. This, it says, means that while growth may slow, the world is not heading for a slump.

At Nomura Investment Management, Mr Kagami agrees. "The impact of a US recession isn't as severe as many people make it out to be." If US economic growth fell to 1 per cent or to zero - which is lower than Phillips & Drew's forecast of 2 per cent - then "I think the world can live with that." Japan would have lower growth, 2.5 per cent a year instead of 3.5 per cent, but "that would not be *disaster," says Mr Kagami.*

Japanese exporters would clearly suffer. But they have already successfully cut costs in a bid to cope with the rise of the yen over the past two years. More importantly, they have redirected much of their sales effort to the home market. Domestic sales could not replace lost exports but at least export-oriented companies are already moving in the right direction.

However, all this assumes that the turbulence in the financial markets is now over. If it is not, things could get much worse, *if there are more shocks* in store to further unsettle economic confidence.

It is this which most worries Mr Kazuaki Harada, chief economist at Sanwa Bank. He says the international effects of the crash have yet to work them*selves out.* In particular, a sudden fall in the dollar below its range of Y140-Y150 could result "in chaos."

This was because many Japanese investors still believed in stability of the Louvre agreement - the commitment by leading industrialised countries to maintain current exchange rates. If the dollar fell the value of equities and of bonds would once again have to be reassessed.

A further fall in the stock markets could lead to a downward spiral of falling prices and diminishing economic prospects, says Mr Harada. "The psychological effect of this earthquake would be stronger than investors' faith in the recovery of the (Japanese) real economy."

*The importance of the Louvre* agreement highlights the fact that governments will play a crucial role in determining what happens next. Japanese economists, both pessimists and optimists, agree that the extent of the US Administration's commitment to tackle the external and budget deficits is critical.

The Japanese Government meanwhile faces continuing international pressure to play its part in avoiding a recession by further stimulating the domestic economy. Mr Noboru Takeshita, who succeeds Mr Yasuhiro Nakasone as Japanese Prime Minister, is already being urged by US politicians to boost public spending.

He has yet to respond. The difficulty is that while many officials in the Finance Ministry and in the Bank of Japan are fully aware of the linkages in the international economy, there are powerful interests within the ruling Liberal Democratic Party which would oppose expansion of government spending.



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# France to downgrade economic planning unit

BY IAN DAVIDSON IN PARIS

*FRANCE'S economic planning* agency, le Commissariat General au Plan, once regarded by foreigners with a confused mixture of admiration and perplexity, is to be downgraded by the conservative Government of Mr Jacques Chirac and reduced essentially to the role of a think-tank.

At the same time, the Government has announced the appointment of a new Commissaire au *Plan*, Mr Bertrand Fragonard, currently head of one of the social security funds, the Caisse Nationale des Allocations Familiales.

His appointment appears to be the result of a party political struggle between the Presidency and the Prime Minister's office, and thus resembles the many other arguments over public appointments which have characterised the last 18 months' of cohabitation between the Socialist President *and the* conservative *Prime* Minister.

The outgoing Commissaire, Mr Henri Guillaume, was appointed in 1984 after three years in the cabinet of Mr Pierre Mauroy, President Mitterrand's first Prime Minister. The new man had been in the cabinet of Mrs Simone Veil, Minister of Health and the Family, in 1978-79, before being promoted to the CNAF in 1980 in the final year of the presidency of Mr Giscard d'Estaing.

A downgrading of the Commissariat au Plan has been on the cards for some time. With its evangelical advocacy of free-market principles, the Chirac Government at one time seemed likely to shelve the agency altogether.

Any such immediate danger was slowed down, but not killed off, by two reports on the role of planning in the French economy which had been commissioned by the Government. Both of them claimed, in different degrees, that there was still some role to be carried out, but both were critical of the role actually being performed by the Commissariat.

The first, published last year, maintained that the work of the Plan had become marginal, the second, published by the Economic and Social Council this spring, that the latest plan was too cluttered with detailed objectives.

From now on, the Commissariat will be expected to focus more on analysis and forecasting, to outline fewer and simpler strategic objectives, and to call on foreign and industrial experts. Its staff of 180 will be reduced, as will no doubt also its budget (FF150m per year). The next Plan will be for four years, 1989-1992, to conclude with the target year for the final opening up of the European Community market.

# Vatican 'examined death of Pope'

By Alan Friedman in Rome

**THE VATICAN has disclosed for the first time that an unofficial investigation looked into the 1978 death of Pope John Paul I, the man known as the "smiling pope," who was found dead in his bed only a month after assuming his papal office.**

**Cardinals Antonio Samore' and Silvio Oddi have told *Il Sabato*, an Italian religious weekly, that there was "no mystery" over the death of Pope John Paul I and that he died of cardiac arrest.**

**The cardinals revealed that they interviewed the closest aides to Pope John Paul I, including Father (now Bishop) John Magee, who was the pope's private secretary and Sister Vincenzina, a personal aide.**

**According to the cardinals, their interviews revealed that the night before his death, at around 9.30, the pope had a telephone conversation in which he spoke to his doctor and complained of ill health.**

**A best-selling book, *In God's Name*, has alleged that the "smiling pope" could have been murdered, but the Vatican has never responded directly to the charges contained in the book.**

# Commission tables 'final' capital phase

BY QUENTIN PEEL IN STRASBOURG

FULL FREEDOM of capital movements in the European Community, including purely speculative cash flows, will force member states to co-ordinate their economic and monetary policies *and liberalise* financial services, the European Commission believes.

The proposals presented yesterday by Mr Jacques Delors, the Commission President, for a "final phase" of capital liberalisation would free virtually all cross-border cash flows - short of bank-notes in a suitcase - in at least eight of the 12 member states.

Individuals would be free to open bank accounts in other EC countries and short-term money movements would be freed.

They are being put forward to EC finance ministers next month as an essential final step towards the completion of the frontier-free single market in the Community by 1992, and an answer to the demands of both West Germany and the UK for such a move.

However, they are also intended to raise the pressure on both those countries to fall into *line on other policies:* in the case of the UK, to bring sterling into the exchange rate mechanism of the European Monetary System, and in the case of West Germany, to ensure easier access for financial services such as insurance and banking.

The Commission also believes that the package will force member states into closer co-ordination of tax policies, to prevent tax evasion, either by agreeing on a common withholding tax, or on exchanging more banking information.

Mr Delors' presentation yesterday at the European Parliament in Strasbourg was intended to show that the planned capital liberalisation would not simply aggravate the current international turbulence on stock exchanges, but rather reinforce European co-operation and stability.

Previous phases of liberalisation have already raised restrictions on *all* transactions linked to stock markets, and the financing of internal trade, in all but four member states - Greece, Ireland, Portugal and Spain. Four countries are already completely without exchange controls - Denmark, the Netherlands, the UK and West Germany.

The latest proposals would have the most obvious effect in France and Italy, where personal money movements are still restricted, and would also require Belgium and Luxembourg to abandon their dual exchange rate system.

Spain and Ireland would be allowed an extended transition period until 1990, and Greece and Portugal until 1992, according to the Commission plan.

However, Mr Delors goes on to spell out three key areas for action if the package is to go through:

- Full freedom of financial services to complement the free movement of money;
- Co-ordination of fiscal policy to prevent "misallocation of capital" and a possible increase in tax evasion;
- Bringing all currencies within the full disciplines of the EMS, including sterling, the Italian lira, and ultimately the peseta, escudo and drachma.

Lord Cockfield, the Commissioner reponsible for the internal market, said some finance ministers might be worried about increased tax evasion and should therefore consider increased co-operation between tax departments.

He suggested that a general withholding tax, or regulations to compel greater disclosure by banks, might prove necessary.

# Dutch plant loses battle to halt inquiry

BY WILLIAM DAWKINS IN BRUSSELS

THE DUTCH subsidiary of Dow Chemicals yesterday lost a legal battle at the European Court of Justice to halt an EC inquiry into possible illicit price-fixing.

Dow's Dutch plastics plant was among eight factories across Europe to be the targets of dawn raids last January by European Commission anti-cartel investigators seeking evidence of price-fixing in PVC and polyethylene, two widely used plastics.

The company lodged an application at the Court in Luxembourg on October 15, asking for the the Commission to be ordered not to use the information picked up during the raid, to suspend the investigation and to lodge all documents connected with the inquiry at the court.

Dow claimed that the Commission had acted unlawfully in breaking into its offices and that the investigation into its Dutch plant should stop immediately as an emergency so-called "interim measure."

Hoechst, the West German chemicals company which managed to keep the EC inspectors out of its Frankfurt headquarters for four months, had a similar appeal turned down at the Court last March.

Dow waited until this month to lodge its emergency application because the Commission's investigation has only recently intensified.

The inspectors are seeking access to new documents on the basis of information gathered during the initial raid.

# Kohl plans historical museum in Berlin

BY LESLIE COLITT IN BERLIN

MR HELMUT KOHL, the West German Chancellor, yesterday presented West Germany's gift to Berlin on its 750th anniversary, a mammoth German Historical Museum which, when completed in the 1990s, is expected to cost at least DM400m.

The controversial museum, to be built in West Berlin near the Reichstag, the former German Parliament, and the Berlin Wall, was criticised by the opposition Social Democrats (SPD) for being politically problematic, constitutionally questionable, too big and too expensive.

Mr Walter Momper, leader of the SPD in West Berlin, said the aura of the 'national state' with which Chancellor Kohl was surrounding the museum would only 'deepen the division of Germany.' This was rejected by the Bonn Government's spokesman who said that the museum would strengthen the unity of the nation.

Chancellor Kohl's deep personal interest in the museum was undoubtedly spurred by East Germany's growing pride in its own Prussian roots. One of the largest history museums in either German state is in East Berlin, where an elaborate exhibition for Berlin's anniversary shows how ordinary citizens lived in the former German capital.

# Political row over French radio station

BY PAUL BETTS IN PARIS

THE EXCITABLE world of French broadcasting has produced a political scandal which is providing a little melodramatic relief to the Bourse crisis shaking the French political and business establishment.

At the centre of the affair is the Commission Nationale des Communications et Libertes (CNCL), the independent broadcasting authority set up last year by the conservative Government to watch over the country's rapidly expanding and deregulated broadcasting industry.

The CNCL has attracted intense controversy, with the left-wing opposition attacking it as an instrument for the neo-Gaullist RPR party to extend its influence over the broadcasting sector. Last month President Francois Mitterrand criticised the commission for having done "nothing to inspire any sense of respect."

The controversy over the CNCL has now reached new heights of hyperbole with the decision of a magistrate to charge one of the commission's 13 independent "sages", or wise men, with "abuse of authority."

Mr Michel Droit, a member of the venerable Academie Francaise, has been accused of favouring the attribution of a FM frequency to a radio station called Radio Courtoisie, sympathetic to the right. Mr Droit has long been a leading right-wing literary figure and journalist.

The charges against Mr Droit follow a complaint by a rival FM radio station which had sought the frequency attributed to Radio Courtoisie.

Mr Droit has denied the charges, claiming that they were another effort "to destabilise the CNCL." He accused the magistrate himself of abuse of authority and asked that he be removed from the case.

Right-wing politicians and other members of the commission all rallied to the support of Mr Droit.

For the CNCL, the latest affair could not have come at a worst moment. After being accused of favouring the RPR in both the appointment of new heads to French state broadcasting networks and in the attribution of concessions for independent networks to sympathisers of the government, the CNCL has also been rocked by a series of other scandals

These include the dismissal from the TF-1 television network of Mr Michel Pollac, the provocative and popular talk-show host, and the installation of an unauthorised broadcasting transmittor in New Caledonia just before last September's referendum.

But the latest affair, which has further undermined the credibility of the commission, is now bound to provide further political ammunition for the socialists in the run-up to next Spring's presidential elections.

# US allies cool on call for ban on Iranian imports

THE US's allies, reluctant to worsen relations with Tehran and some of them major buyers of Iranian oil, reacted coolly yesterday to a US request to join Washington's ban on Iranian imports, **Reuter reports from Paris.**

US President Ronald Reagan announced the ban on Monday, citing Tehran's attacks in the Gulf and its refusal to end its war with Iraq. A State Department spokesman said on Tuesday that other OECD (Organisation for Economic Cooperation and Development) nations would be asked to follow suit.

The Paris-based OECD, which groups 24 leading non-communist industrial powers, declined comment on the call, but government officials in several countries suggested that Reagan would get little support.

His call met a defiant response in Tehran, where President Ali Khamenei said that if Western countries imposed an effective economic embargo, Iran would close the Strait of Hormuz, through which one-sixth of the non-communist world's oil passes.

In Britain, one government official said: 'Our stated view is that sanctions of this sort simply don't work. There is no question of the Government making any move of this sort.'

There was also no indication of a favourable response from Japan, Iran's principal customer. Japan bought Iranian goods worth $171.5m dollars in April. It takes some 240,000 barrels of oil per day, over 14 per cent of Iranian exports.

Foreign Minister Tadashi Kuranari was quoted by officials as saying that Japan would work out its own policy on the issue after hearing explanations from Washington.

The Netherlands, a major oil trading centre, is another big importer from Iran, but a Foreign Ministry spokeswoman said the Dutch Government had not been approached by the US and so far felt no need to take measures in the trade field.

France's centre-right Government called on the French oil industry in July to halt trade with Iran, but industry sources said imports from Iran remained unchanged and the Government announced no plans to impose sanctions.

# UK group to build Dublin centre

BY OUR DUBLIN CORRESPONDENT

**A CONSORTIUM including the UK-based British Land Company has won an I£200m (£178m) tender to develop a 27-acre site for a new financial services centre in Dublin's inner city docklands.**

**The decision was announced yesterday by the Irish environment minister Mr Padraig Slynn on the site of the Custom House docklands where he unveiled a model of the planned development.**

**The chosen plan includes 750,000 sq ft of office space, a 1,500-seat conference centre, three museums and a 300-bedroom hotel. The consortium, which narrowly outbid the US-Irish rival Jacobs-O'Connell Developments, is made up of Hardwicke, Ireland's leading property developer, McInerney Properties and the British Land Company.**

# US military attache sent home from Philippines

By Richard Gourlay in Manila

A US military attache who was seen with a military rebel leader during a coup attempt that narrowly failed to topple President Corazon Aquino in August is to be sent home following a complaint by the Philippines Government.

Col Vic Raphael was also accused by a Philippine colonel who led the assault against the rebels of trying to itervene to prevent the pro-government troops from attacking the rebels.

Mr Nicholas Platt, The US ambassador, last week said Col Raphael was "just doing his job" and refused to comment on the report of the attache's alleged intervention. In a terse statement yesterday, the embassy said Col Raphael was departing for "leave and temporary duty is the US" and that "his actions have been legitimate and in the line of duty". He will not be reassigned to the Philippines.

Col Raphael is the godfather of the son of the coup leader rebel leader, Col Gregorio Honasan. They became close friends when Col Honasan was still security aide to Mr Juan Ponce Enrile who is now a senator. Together with other colonels and officers, many of whom who took part in the August coup, Col Honasan and Mr Enrile spent much of 1985 plotting a coup against former President Ferdinand Marcos.

Foreign Affairs secretary, Mr Raul Manglapus, said yesteday, "that the military attache of a foreign government was the *compadre* (godfather to an offspring) of a man who turned out to be a rebel was obviously something that had to be corrected".

Part of the ordinary functions of a military attache are to report military activities. However, the alleged involvement of US attache resurrected speculation, mainly in Congress and newspaper columns, that the US had some behind-the-scenes involvement in trying to destabilise if not in fact topple Mrs Aquino.

Meanwhile, three American servicemen and a Filipino were shot dead yesterday in separate incidents near the US military facility, Clark air base

The attacks over a two hour period were the first such attacks in memory, a US embassy spokesman said who would not specualate on who was behind them.

# Israel insists it cannot accept any aid cuts from US

**Andrew Whitley in Jerusalem** reports on fears that Israel may be a victim of the turmoil in financial markets

ISRAEL, the largest recipient worldwide of US aid with $3bn due for this fiscal year, is insisting that it cannot accept any cuts – no matter what budget deficit reduction measures are agreed in Washington in the coming days.

This defiant stance stems from fears that the Israeli economy could turn but to be one of the biggest victims of the current turmoil in financial markets. Preliminary estimates suggest that national revenues could be slashed by over $1bn, equivalent to 4 per cent of Gross Domestic Product, in the coming 12 months. And in the longer run, a recession in the US would be highly detrimental to Israeli exporters.

Two top officials – Mr Yitzhak Rabin, the Defence Minister, and Mr Moshe Nissim, Finance Minister – yesterday hammered home the same point at different forums in Jerusalem.

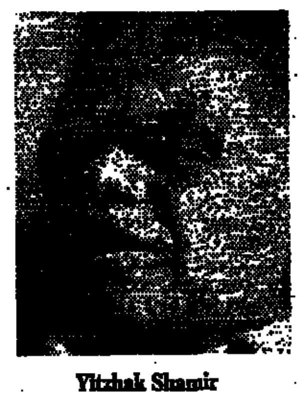
"I believe the US Government is commited to maintaining the present level of military assistance ($1.8bn) for the next two fiscal years... and I expect the Administration to fulfill its commitments to us," Mr Rabin told a press conference.

Across the city, the Finance Minister was simultaneously assuring an academic seminar that there was no truth to reports that Israel may be willing voluntarily to relinquish part of its commercial aid. This money is considered essential to cover a trade deficit, which last year rose to $2.4bn.

So concerned is the Government about persistent reports from the US that Israel may have to share some of the pain that, in an unusual display of common resolve, the National Unity Cabinet agreed last Sunday to resist any attempts by Washington to cut back on disbursements. Attempts were also made to stifle further public discussion of the topic, so as not to encourage speculation.

But nervousness in Israel goes well beyond the single issue of aid, as Mr Adi Amoral, the Deputy Finance Minister, acknowledged earlier this week in a newspaper interview.

As a result of the collapse on Wall Street, some or all of the following unpleasant consequences could soon be felt by Israel:



Yitzhak Shamir

Yitzak Rabin

● Hopes of persuading Congress to approve a long-negotiated scheme to reduce military debt interest payments to the US, resulting in annual savings of between $250m and $300m to the Israeli Treasury, now look dead.

● As the Reagan Administration and Congress wrestle with ways to make immediate cuts in the budget deficit the foreign aid bill looks a tempting target, and within that Israel's share looms large. Figures of between $70m and $100m in "voluntary" cuts by Israel have been aired.

Paradoxically, Israel is in a weaker position than ever to resist such pressure because of the current buoyancy of its foreign reserves. Swelled by private transfers from abroad, these stand today at over $4.5bn and were expected to rise to $5.7bn, if and when the civilian portion of US aid is disbursed as scheduled at the end of this week.

● Diaspora Jews, mainly in North America, traditionally contribute nearly $1bn a year to Israel, through philanthropic donations or the purchase of government bonds. But the heavy losses that many Jewish businessmen have suffered on the stock markets recently – such as Mr Edgar Bronfman of Seagrams, one of the largest donors – is felt certain to curb their generosity severely.

● The further weakening of the dollar, to which the shekel is closely linked, has increased pressure for an earlier-than-anticipated devaluation against other major currencies. With domestic inflation stuck fast for many months in the 19-20 per cent range, a second devaluation in 12 months was, in any case, already becoming a matter of pressing concern for exporters selling outside the US dollar payments zone.

# Radicals promoted in ANC 'army'

By Victor Mallet in Lusaka

THE AFRICAN National Congress, pursuing its attempt to overthrow the white South African Government, has announced changes in the leadership of its guerrilla army which brings to the fore two radicals popular with young South African blacks.

Former political commissar Mr Chris Hani becomes the new chief of staff and deputy commander of Umkhonto we Sizwe (Spear of the Nation), the ANC's military wing, replacing the white South African communist party leader, Mr Joe Slovo who resigned from the post earlier this year.

The new commissar and number three in the military hierarchy is Mr Steve Tshwete, who served a 15-year jail sentence for ANC activities in the notorious Robben Island prison before helping to found the United Democratic Front in South Africa four years ago. He was again active in the Eastern Cape before fleeing the country in 1985.

Both he and Mr Hani are in their 40s. The uncompromising Mr Hani, prominent in Umkhonto we Sizwe - also known as MK - since the 1960s, has been the target of assassination attempts by South African agents. A revolutionary strategist in the broad sense who believes in using trade unionists and other legal opponents of the Government as well as guerrillas, Mr Hani once said: "MK is the revolutionary violent arm of our people."

Mr Oliver Tambo, ANC President, disclosed the changes at a ceremony to mark his 70th birthday in the Zambian capital Lusaka, where the ANC has its headquarters in exile. Mr Tambo remains overall commander-in-chief, and Mr Joe Modise continues as army commander.

Mr Tambo vowed to press ahead with the guerrilla war in South Africa. Referring to a recent statement by British Prime Minister Mrs Margaret Thatcher, he said that anyone who called the ANC a terrorist movement was also accusing its supporters in Africa and around the world of the same crime.

Relations with Britain are particularly strained at the moment because of Mrs Thatcher's staunch opposition to economic sanctions against South Africa and because of the British decision to drop charges against three men accused of involvement in a plot to kidnap ANC members in London.

# Tunis shuffles economic portfolios

By Francis Ghiles

**PRESIDENT HABIB BOURGUIBA reshuffled the Tunisian Cabinet on Tuesday with the aim of strengthening the team of economic ministers whose task it will be to implement the changes agreed last year with the International Monetary Fund and the World Bank.**

**Mr Ismail Khelil, Planning Minister for four years who played a key role in negotiating the loan package with the IMF, World Bank and Tunisia's Western allies when his country ran out of foreign exchange in June 1986, is to become Governor of the Banque Centrale de Tunisie, the central bank.**

**Two of his former deputies, Mr Rashid Ghannoushi and Mr Nouri Zorgati, become Minister of Planning and Finance respectively. Mr Slaheddine Ben M'Barek moves from the Trade and Commerce Ministry, which disappears as such, to that of the Economy.**

**The new appointments give Mr Zine El Abidine Ben Ali, who was named Prime Minister by the head of state less than a month ago, a much stronger economic team with which to tackle the many economic reforms. The first year of austerity has succeeded in reducing Tunisia's trade deficit but the authorities have been helped by good rainfall, a record number of foreign visitors, and a quiet year in relations with Libya.**

# Egypt reaps financial benefit from Gulf war worries

BY TONY WALKER IN CAIRO

THE DARK shadow of the Gulf war, which is forcing Arab states into a reassessment of regional relationships, is producing a much-needed financial windfall for Egypt as oil-rich states seek to draw closer to the region's predominant military power.

Reports that Saudi Arabia assisted Egypt last month to pay a $90m instalment on its $4.5bn military debt to the US is but one example of increasing close ties between Cairo and its Arab neighbours, most of whom suspended relations after Egypt signed in 1979 the peace treaty with Israel.

Kuwait and Saudi Arabia have been providing cash in an effort to bolster President Hosni Mubarak's beleaguered regime since the oil price collapse last year deepened Egypt's economic crisis.

According to a well-placed official source here, Kuwait and Saudi Arabia have transferred more than $200m in the past year to help keep Egypt afloat pending a rescheduling of part of its $40bn foreign debt.

There are reports in Cairo of high-level discussions in Riyadh last week among Gulf Cooperation Council members on an economic assistance programme for Egypt. Kuwaiti and Saudi representatives were reportedly prominent in these discussions which took place on the periphery of a GCC foreign ministers' meeting.

Other Gulf states such as the United Arab Emirates and Oman are also said to have been providing assistance to Egypt which was in danger of default on payments on a mountain of foreign debt.

The resumption of Arab aid coincides with a deepening and the broadening of political, security and diplomatic relations between Egypt and its neighbours. "Egypt's interaction with Arab governments is more intense than ever before," said Mr Tahsin Bashir, a former spokesman for the late President Anwar Sadat.

Heightened fears of Iran among Gulf states has speeded the process of reconciliation. Egypt, with its large and well developed American-armed military, is seen as the main regional counterweight to a predatory Iran.

Officials here are adamant, however, that Egypt will not embark on an adventurous course in providing help to vulnerable Gulf states such as Kuwait. Assistance, they say, will take the form of technical advice in such areas as air defence and internal security.

Two senior Egyptian officials visited Kuwait this week for talks with, among others, Sheikh Salem al-Sabah, the Defence Minister. Internal and external threats to Kuwaiti security are certain to have been discussed.

"What Kuwaitis need above all else is a feeling that Egypt is behind them," said an Egyptian source. "They need to feel confident that 100 terrorists in Kuwait would not upset the system."

Gulf states are looking to Egypt for backing in part because it would balance their reliance on the US. As one observer said: "They want to Arabise their support."

Egypt, however, can be expected to extract a price for any assistance it renders. Funds transferred thus far would merely be a down payment.

Cairo would also be seeking diplomatic leverage. While officials here say Egypt is not pressing for an end to its suspension from the Arab League - umbrella organisation of Arab states - it would expect a restoration of diplomatic relations as the price of overt assistance to Gulf states.

Egypt is watching closely preparations for next month's Arab League summit in Amman. The Gulf war and the Arab-Israeli conflict will be the main topics on the agenda; but in private discussion between heads of state relations with Egypt are likely to figure prominently.

Observers here say that it would not be surprising if a number of Gulf states and Morocco restore relations in the wake of the summit which convenes at the beginning of the second week of November.

# Korea opposition in split

BY MAGGIE FORD IN SEOUL

MR KIM DAE JUNG, seen by many as South Korea's most charismatic politician, yesterday formally declared his candidacy in the presidential election due in December and announced that he would form a new opposition party.

The split with his colleague Mr Kim Young Sam has been expected ever since the latter decided to run earlier this month. A third contender, Mr Kim Jong Pil, is expected to announce his intention to stand

The failure of the opposition to choose one candidate to run against Mr Roh Tae Woo, candidate for the ruling party and himself a former general, may cause a reduction in both Kims' support.

# S African universities protest

BY JIM JONES IN JOHANNESBURG

FOUR OF South Africa's liberal universities yesterday formally protested against and rejected government political conditions for continued financial subsidies.

Johannesburg's University of the Witwatersrand, the University of Cape Town, the University of Natal and the coloured University of the Western Cape rejected at full meetings of the universities conditions implemented by the Government on October 19 saying they removed legally guaranteed university autonomy. The Government has introduced regulations which mean the universities will lose their state subsidies unless they prohibit political demostrations on campusses

Stellenbosch and Potchefstroom, the two principle Afrikaner universities have welcomed the Government conditions. At present about two thirds of university funding comes from the state.



# Hungarians embark on spending spree

By Leslie Colitt in Berlin

**HUNGARIANS have embarked on a spending spree before the introduction of a value added tax next January, which is forecast to boost inflation to more than 12 per cent next year.**

**Stores are being emptied of durable consumer goods from colour televisions to expensive hi-fi. Many building materials are sold out and Hungarian newspapers report that better-off citizens scouring the countryside for property as a hedge against inflation.**

Mr Reszoe Banyasz, a government spokesman, called the spending spree "irrational."

In addition to VAT, the introduction next January of a personal income tax - the first in Eastern Europe - has probably helped to trigger the run. The Government last month introduced an economic austerity programme to curb Hungary's soaring hard currency debt and to slash government subsidies to loss-making companies.

Hungarian officials had expected Mr Karoly Grosz, the new prime minister, to reshuffle his government following the adoption of the 'stabilisation programme.' but no changes have yet been announced.

**Bridget Bloom** reports on the position of Britain in the fight to control farm spending policies

# UK rhetoric leads campaign for agricultural reform


**The spiralling costs of the common agricultural policy threaten to undermine the European Community's attempts to provide a sounder basis for its future financing, the central issue at the heads of government summit in Copenhagen on December 4-5.**

**Most of the 12 member states now accept the need to reform EC farm policies, but differ widely on how it should be achieved. Britain, chief proponent of reform, is examined in the first of a series of articles from national capitals.**

**These will examine political, economic and social factors influencing individual governments on the farm issue as their agriculture ministers endeavour over the next month to thrash out a package of reforms acceptable to December's summit.**

BRITAIN was never a true believer in the common agricultural policy, having joined the European Community only in 1973, so it is hardly surprising that it is the leading proponent of reform today.

The CAP involves "a massive misuse of resources" Mr John MacGregor, the new British Minister of Agriculture, told farmers last July. The CAP had to be reformed, he said on another occasion, before "it destroys itself ... even if it means, as it inevitably must, that a proportion of farmers will be squeezed out altogether." The alternative to reform was a "disorderly descent into chaos."

Britain's case for reform rests primarily on the unacceptable financial costs of the CAP. This year, more than Ecu27bn (£18.63bn) out of a total draft budget for the whole Community of Ecu41bn will go on producing (to quote Mr MacGregor again) "surpluses which no-one wants or can only be disposed of at further heavy cost to the taxpayer."

There are two other important reasons for reform in Britain's view. These are the drain of resources away from other sectors of the economy and the impact of EC policies on world trade and, in particular, on the ability of developing countries to compete with subsidised farm produce from rich EC or other Western countries.

If the rhetoric of British ministers does not quite match the reality even of the British position in Brussels (where decisions are made by 12 governments and radical talk inevitably has to be tempered), Britain has still emerged as the strongest supporter of the European Commission's new plans to try to curb farm spending.

The Commission has produced limited if controversial proposals intended to stabilise spending in all the key sectors in which there are open-ended price or production guarantees and thus over-spending." Mr MacGregor is the only minister so far to come out forcefully in favour of the so-called "stabilisers" which (despite some reservations on detail) he has called "a sound and sensible basis for reform."

Why is Britain apparently so far ahead on the reform issue? Putting aside for the moment the question of tactics (even a small step seems a long way if others are moving less quickly) it is primarily the political status of farming within Britain which makes the Conservative Government's stand possible. Britain's farmers in general have done very well out of the CAP. Even if some incomes have suffered recently, the CAP brought a real rise in farm gate prices of some 20 per cent, while in many commodities the country has been turned from a net importer to self sufficiency or even a net exporter.

However, a broad concensus on the need for reform has developed between Britain's major political parties in recent years while the farming vote, which might be expected to oppose reform, is now virtually insignificant in electoral terms.

Additionally, the main lobbyist for the farmers, the National Farmers Union, is much less powerful than it was in the days before Britain's entry to the EC, when farm policy seemed to be determined by the president of the NFU and the minister of agriculture in tandem.

Indeed, some argue that the NFU is in danger of losing direction, much as the trades unions have lost direction under the onslaught of Thatcherite economic policies. Its problem, however, mirrors that of the farmers themselves, who broadly accept the need for reform, yet are split on its likely impact.

This is partly because no one is yet clear how far reform will go, or quite what it will mean. Paradoxically, for example, many dairy farmers who deeply opposed the milk quotas which were suddenly introduced in 1984 in an effort to curb production, now staunchly support them as a source of stable and guaranteed income.

Those farmers who suffered most from the price cuts and quota measures adopted so far are those who borrowed heavily to finance expansion in the boom years up to 1983. Those who are not financially stretched or are efficient by any standards, like the cereal, potato or vegetable growers in East Anglia, have comparatively litle to fear from the introduction of measures like the new stabilisers.

Changes in the structure of British farming, itself partly the result of Britain's EC membership, are largely responsible for the decline in the domestic influence of British farmers. At the turn of the century, farming contributed nearly 10 per cent of gross domestic product; in the early 1960s it was around 4 per cent; today it is only 1.8 per cent.

Today, under 2.5 per cent of the civilian workforce is engaged in agriculture, compared with 4 per cent 25 years ago.

The electoral consequences of this decline in direct employment on the land have been marked. At the time of the 1981 census there were only 10 constituencies, spread between East Anglia, central Scotland and the Celtic fringes, where more than 15 per cent of the adult population worked on the land, compared with 74 in 1961 and 110 in 1955.

(For the record, the numbers employed in agriculturally related industries, like the manufacture of pesticides and fertilisers, has been growing, to around 470,000 today, but voters are too disparate to have much political strength.)

There have been changes in the nature of British farming, too, over the last decade or so. Better yielding varieties, together with the EC's high prices, have for example turned the country from a net importer of cereals to a net exporter in under a decade. There has been a slight decline in the total area farmed in that time - about 18.6m hectares today, while the size of holdings has increased to an average 65 hectares, the biggest in the Community.

Gross agricultural output in 1986 was some £11.8bn, of which livestock and livestock products predominated (£7.15bn) followed by arable crops, including wheat, at £3.2bn and horticulture, including vegetables, at just over £1bn.

John MacGregor: CAP involves "massive misuse of resources"

So what future for the Government's reformist intentions? In the short term, there is much interest in Brussels in whether Britain will, to use a crude phrase, put its money where its mouth is. Will it, in the interests of reform, accept or least agree to negotiate a compromise on those details of the stabiliser proposals which it dislikes - for example, the ending of the variable sheepmeat premium, which only benefits Britain?

Even more important, will Mrs Thatcher, and thus her ministers, continue to insist that a full package of stabilising measures be agreed down to the last detail before Britain will contemplate the wider question of increasing the financial resources of the Community as a whole? It was Mrs Thatcher alone who held out on this issue at the June summit of Community leaders. There is no obvious sign yet that the British Prime Minister is prepared to act any differently this time - but then negotiations in preparation for the summit have barely begun.

In the longer term, the most intriguing question will be whether Britain will maintain its commitment to reform, and in a more constructive spirit than the negative "cut spending at all costs" attitude which has coloured its policies so far.

*"Articles on the plans for each sector appeared on our commodity pages between September 29 and October 16*

# Foreign investment increases in Portugal

By Diana Smith in Lisbon

**AFTER YEARS of trickling through red tape barriers, direct foreign investment is pouring into Portugal thanks to liberalisation after EC accession and greater confidence in the economy.**

**Between January and September new direct foreign investment totalled Es41.2bn ($428.4m) - more than double the rate in 1986, five times the averages of years just prior to EC accession and almost half the entire Es91bn ($637m) stock registered in the decades since Portugal has recorded direct foreign investment.**

**A third of this year's foreign investment is in projects under $1.4m which have been processed without red tape. According to the rules of accession, each year the minimum figure automatically approved for investment of EC origin must rise until all EC investment becomes automatic in 1993.**

**Industry absorbed $106m, with banking or other financial services and hotels or restaurants also performing strongly, bringing in $65.6m and $37.5m respectively.**

**The upsurge in foreign investment in banking was largely due to the need for Portugal's six new foreign banks to increase their minimum capital requirement in July by $7m each, to conform with a 1986 government regulation.**

**Wholesale trade, in which Spanish investors have begun to make an impact, received $20.7m, while non-metallic minerals, metal products, machinery, equipment and transport materials received $43m.**

**The creation of new companies and jobs accounted for 17 per cent of the total, or $49m, lagging behind investment in existing enterprises, with 69 per cent, or $199m.**

**Acquisitions, meanwhile, which rarely occurred in Portugal in the past, began to make an impact. German firms bought northern textile or footwear factories and Spanish companies moved into Portuguese territory. Between January and September, $38.8m of acquisitions took place.**

**Spain, which only discovered Portugal as a fertile field for investment a year ago, now runs neck and neck with the UK as largest foreign investor, with 22.4 per cent each, or $64m.**



# Banker calls for tighter fiscal policies in Turkey

By David Barchard in Ankara

TURKEY'S new Central Bank governor, Mr Rusdu Saracoglu, said yesterday he would fight to have the country adopt tight monetary and budgetary policies "even at the risk of my job". A main aim would be to create an anti-inflationary environment to encourage more foreign private investment.

Mr Saracoglu made plain that he wants Turkey to break with the economic policies of the last two decades in which Turkey has enjoyed high GNP growth at the cost of balance of payments problems and high inflation.

US-trained economists advising Mr Turgut Ozal, the Prime Minister, have been trying to persuade the Government to change its monetary and investment policies to lower the rate of inflation, believed currently to be at an annual rate of just under 45 per cent.

"I think there has been widespread misunderstanding about the relations between growth and inflation in Turkey," Mr Saracoglu said. "With inflation between 30 per cent and 40 per cent we have 5 per cent GNP growth, but periodically hit serious foreign exchange constraints.

"There is an option in which inflation could be kept at a lower plateau close to single digit figures and we would enjoy growth of 8 per cent, which would be financed by direct foreign investment. This means there has to be downward pressure on the economic growth rate for two years."

# Wall Street crash hits New York's revival

By James Buchan in New York

NEW YORK CITY, which has ridden the five-year bull market in stocks to civic prosperity unthinkable 10 years ago, has frozen municipal recruitment amid fears that the stock market crash could drag the city back into recession.

Mr Edward Koch, the mayor, yesterday announced a retrenchment in hiring, pay rises and pension contributions by the city. The usually ebullient mayor said: 'I am concerned for New York City. The dramatic decline in stock prices may be a harbinger of a declining national and local economy.' The cutbacks belatedly heed Cassandra-like warnings that New York is becoming Wall Street's company town, excessively dependent on a volatile financial services industry. Big industrial taxpayers, such as Mobil and J.C. Penney, recently announced they were leaving Manhattan, driven out by high taxes and rents and a struggling public school system. New York's employment growth has been in the securities industry and such dependent fields as law, accountancy, printing, advertising, public relations and charity.

Though unemployment is a modest 5.1 per cent, one in three new jobs created last year was in financial services. Three Wall Street firms - Salomon Brothers, Kidder Peabody and L.F. Rothschild - have already announced job cuts covering 1,000 people, though not all in New York.

Ironically, Mr Koch's hiring freeze endangers the most dramatic sign of the city's rehabilitation from the squalor and penury of the mid-1970s - the promise of more police.

# Progress on US budget cut talks

PROGRESS has been made in talks between the White House and the Congress on cutting the US budget deficit but the thorny issues of tax increases and spending cuts must still be faced, Reuter reports from Washington.

House Democratic leader Thomas Foley told reporters agreement had been reached on all procedural matters.

White House Chief of Staff Howard Baker agreed the talks were productive. '(The mood was) pretty good, not bad at all.'

# Reagan considers delay to request for Contra aid

BY LIONEL BARBER IN WASHINGTON AND PETER FORD IN SAN JOSE

PRESIDENT Reagan is considering delaying until January a request to the US Congress for a vote to approve $270m of aid to the Nicaraguan Contra rebels, according to US officials.

The possible delay would mark a shift in strategy by the administration which earlier stressed it wanted an "up and down" vote on Contra aid during the last three weeks of November.

But Congress and Central American leaders are urging Mr Reagan to give peace a chance by waiting to see whether the Marxist-leaning government in Nicaragua abides by the provisions of a regional peace accord.

A regional cease-fire is due to go into effect on November 7, by which date the US is required to cease military aid to the Contras. The Nicaraguan government must also carry out democratic reforms such as lifting press censorship and allowing freedom of assembly and free elections, according to the peace plan.

The US, while sceptical about the peace plan's chances of success, does not want to be accused of sabotaging the agreement. Equally, President Reagan has made clear that he will not abandon the Contra rebels.

US officials said that President Napolean Duarte of El Salvador had urged Mr Reagan to hold off on Contra aid during a recent trip to Washington. President Oscar Arias of Costa Rica, architect of the peace plan and Nobel Peace prize winner, also pressed for a delay.

US military aid to the Contras expired on September 30. Under a deal with the Democratic majority in Congress, the administration secured $3.5m in temporary non lethal aid.

Central American leaders are to review compliance with the peace plan in mid January. One option for the administration is to seek a further batch of Contra aid until that date and then seek a Congressional vote on the $270m aid package.

The difficulties of following the timetable laid down by the 'Arias Plan' were underlined by the two day meeting of Central American Foreign Ministers which was being wound up in San Jose yesterday. The ministers were reviewing the progress of implementing ceasefires and political amnesties which the Plan stipulated had to be in place by November 7 when the five regional leaders are due to meet again.

So far dialogues have been opened between the El Salvador Government and the left wing guerilla mocvement, the FDR/FMLN and between the Guatemalan Government and a large grouping of the guerilla forces operating in Guatemala. However, the Nicaraguan Governemnt has declined to hold direct talks on a ceasefire with the Contra rebels - although there have been attempts at mediation through the Roman Catholic Church.

The Honduran Government meanwhile has done nothing to implement the Arias Plan and the Contras continue to use Honduran territory as a safe haven for their rear bases. In London yesterday Mr Adolfo Calero, leader of the main military group within the Contras, did not rule out talks with the Sandinistas via an intermerdiary.

Three Contra leaders were denied Nicaraguan passports when they applied for them in San Jose yesterday and were told they must take amnesty under Central America's new peace plan if they want to return to Managua.

Alfonso Robelo,Alfredo Cesar and Pedro Joaquin Chamorro members of the Contra directorate refused to accept the amnesty calling it 'surrender'.

# Brazil's army chief allays fears for democracy

BY IVO DAWNAY IN RIO DE JANEIRO

GENERAL Leonidas Pires Goncalves, Brazil's army minister, has acted to allay fears that mounting discontent in the armed forces could threaten democracy, less than three years after the end of military rule.

The general insisted that the armed forces wanted to ensure that politicians completed their work in drawing up a new constitution.

He went on to emphasise that if Congress voted for presidential elections next year, the armed forces would help implement them. 'We are not here to traumatise the country,' he said.

His assurances were partly provoked by a series of unsettling incidents and reports all linked to discontent in lower ranks over pay and conditions.

But the general was also attempting to counter widespread claims that he had issued a veiled threat to the Constitutional Assembly when he asserted that it was failing to reflect Brazilians' wishes and was being manipulated by a small group of the radical left.

Since then, however, General Pires Goncalves has undergone considerable criticism for failing to act faster to stem army indiscipline and put right legitimate grievances. Last week, the armed forces' pay was more than doubled.

Some analysts are certain to interpret the general's undertaking to back the Assembly's decisions as a partial retreat from the president's camp following Mr Sarney's ineffectual cabinet reshuffle last week.

Until recently, the armed forces ministers appeared to be granting unequivocal support to Mr Sarney's demands for a five year mandate and a presidential, as opposed to parliamentary, system of government.

# Ecuador declares state of emergency

PRESIDENT Leon Febres Cordero of Ecuador yesterday imposed a state of emergency and placed the media under partial censorship to block a general strike by the nation's most powerful labour federation, AP reports from Quito.

The 24-hour strike was organised by the communist-led United Front of Labourers to demand the ousting of Interior Minister Luis Robles, who was impeached by Congress last month for allegedly violating the rights of political prisoners, but allowed to remain in office.

The president's dismissal of the congressional action against Robles has galvanized the opposition, which has charged that Febres Cordero is pushing Ecuador toward a dictatorship.

The Robles case has created a government crisis in this tiny Andean nation, which returned to elective government in 1979 after seven years of military governments.

The government declared the strike illegal. But the United Front of Laborers said it would go on. The federation said that more than 1m workers and 800,000 students and farm workers would participate.

# Setback for Peru bankers as key judge is dismissed

BY BARBARA DURR IN LIMA

PERU'S private bankers have lost an important round in their fight against nationalisation of the financial sector after the Supreme Court dismissed a key lower court judge who had issued eight injunctions in favour of private bankers and owners of insurance and finance companies.

The Supreme Court charged Judge Jaime Moran Cisneros with 'indecorate behaviour' and partiality with respect to the bankers. Two weeks ago, Judge Moran with his own court order in hand, forced police to reopen the Banco de Credito and the Banco Wiese, Peru's top two private banks, which had been closed temporarily by the Government in preparation for takeovers.

The two banks and a finance company related to the Banco de Credito were subsequently seized by the Government. These were the first of 33 banks,insurance companies and finance companies that are to be expropriated under Peru's new nationalisation law.

Judge Moran's eight injunctions against Government takeovers were also annulled by a superior court.

At the same time another superior court began legal proceedings for expropriation of the three institutions already taken over and five other banks.

**Panama's military-backed government was split yesterday after Vice-President Roderick Esquivel pulled his Liberals out of the country's five-party ruling coalition, Reuter reports from Panama City.**

**Esquivel said he wanted to join the fight for democratic reform. He has frequently urged wider democratic freedoms in Panama, which has seen five months of protests aimed at ousting de facto ruler General Manuel Antonio Noriega.**

# Violence threatens Haiti's struggle for democracy

**Supporters of the Duvalier regime may yet destroy Haiti's fledgling electoral process. Michael Tarr reports from Port-au-Prince**

A SUMMER frenzy of strikes and bloodshed failed to shake General Henri Namphy's caretaker government in Haiti. But the transition to democracy in the Western hemisphere's poorest nation is still threatened by organisational problems and rising political violence.

On October 13 Mr Yves Vollel, presidential candidate of the small Christian Democratic Rally, was assassinated in front of Port-au-Prince police headquarters while giving a speech criticising human rights abuses in Haiti. Witnesses say the killers were from a plainclothes police force set up by the army and largely staffed by former Tontons Macoutes - the feared special security force of the Duvalier dictatorship. Mr Vollel, an outspoken critic of the Duvalier regime, had been in exile for 22 years and accused the Namphy government of being under the Duvalierists' control.

The same day, three key figures of the old regime announced they would run for the presidency, bringing the total number of candidates to 34, excluding Mr Vollel. They are Clovis Desinor, finance minister under Francois 'Papa Doc' Duvalier, General Claude Raymond, former defence and interior minister and Colonel Franck Romain, former mayor of Port-au-Prince.

Mr Desinor said that if the commission charged with staging Haiti's first general elections in 30 years sticks to the article in the new constitution barring Duvalier supporters from public office, it would be "sowing the seeds of civil war".

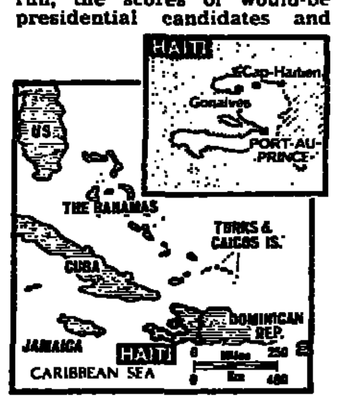
The commission announced this month that polling would go ahead on November 29 as scheduled, ending rumours that lack of preparation would force a delay. Local elections, originally set for July, will now be held on November 15.

The latest events follow months of undisguised hostility between the commission - whose nine members include a human rights campaigner, a university academic, a journalist and two clergymen - and the junta that has ruled since the collapse of the Duvalier family dictatorship in February 1986.

In June the junta tried to strip the commission of nearly its powers, setting off a wave of strikes and protests that paralysed Haiti for five weeks and left 40 civilians killed by troops. The left-wing and centrist groups backing the strikes said the junta would have to be replaced before any elections because it was dominated by former Duvalier associates and could not be trusted to steward the transition.

But with US diplomats defending the need for "continuity", Gen Namphy held firm and in the last month all except the far left have agreed elections are the only way to oust the Duvalierists. 'It's been like watching a school of fish that suddenly, for no apparent reason, swerves off in a new direction," a Western diplomat said.

While all agree they want to run, the scores of would-be presidential candidates and




parties have not eased the commission's task.

Mr Marc Bazin, the former finance minister and a leading centrist candidate, has attempted to form a coalition, but so far his approaches have been rebuffed by his best organised rival, Mr Leslie Manigat, a political scientist.

The left-leaning alliance that called the summer strikes - now renamed the National Front for Concerted Action (FNC) - has finally named as its candidate Mr Gerard Gourde, a lawyer and leader of Haiti's biggest human rights organisation.

The first minefield the electoral commission must negotiate is the vaguely-worded article in the new constitution barring public office to anyone who backed the Duvaliers with "an excess of zeal" or is "presumed" to have embezzled Government funds.

Many of the would-be candidates could be held to have fallen into at least one of these categories during the 29 years of Duvalier rule. The commission is braced for a flood of petitions from rivals challenging their right to run.

"However the commission rules on these petitions, it will create enemies when it needs all the possible support it can get to maintain its authority," one candidate predicted.

Meanwhile, the suspicion grows that former members of the 15,000 strong Tontons Macoutes, disbanded when the dictatorship fell, have been secretly reorganised to create a climate of terror.

Before Mr Vollel's murder, the hand of the Macoutes was already seen behind mob violence in July and August - the machete battle massacre of about 250 peasants who had been pressing their land demands, the murder of social democratic presidential candidate Louis Eugene Athis, and the attempted murder of a leading liberation theology priest, Father Jean-Bertrand Aristide.

Most sober human rights campaigners stop short of accusing the junta of reviving, but say the Duvalierists responsible almost certainly include some senior army officers. They also claim the army has swollen from 7,000 to 12,000 men in the last year, heavily recruiting former Macoutes.

July saw the start of a mysterious wave of night-time armed robberies by men in military uniform. The bursts of gunfire heard nightly in the capital, followed by almost daily reports of new deaths, has turned Port-au-Prince into a ghost town at dusk.

Left-wing parties are calling for the formation of vigilante committees, but some attempts have backfired tragically. Last month vigilantes in the village of Tabarre, outside the capital, hacked to death three men whom they took for members of a gang that had been stealing goats and burgling homes.

The development that has most alarmed human rights groups was last month's kidnapping and torture of one of Father Aristide's young followers.

Rights campaigner Mr Jean-Claude Bajeux said the resources used by the unidentified interrogators - a clandestine detention centre, photographs of other suspects and injected drugs to confuse the prisoner - all bore signs of foreign assistance.

The more cynical Haitians do not doubt there will be a coup, they simply question whether it will be before or after the elections.

# US seeks boost for intellectual property rights

BY WILLIAM DULLFORCE IN GENEVA

THE US yesterday presented a highly ambitious proposal to improve worldwide protection of intellectual property rights. It called for an international agreement to curb the piracy and counterfeiting of patents, trademarks, copyrights, computer software and semiconductor designs.

Abuse of such rights has grown into a worldwide business estimated to be worth as much as $60bn a year.

Submitted to the group negotiating on intellectual property under Gatt's Uruguay Round, the US paper proposes the establishment of minimum standards, effective enforcement and a mechanism for the settlement of international disputes.

The first comprehensive, detailed proposal to be presented to the group, it is bound to stimulate controversy. Intellectual property was included on the agenda for the Uruguay Round only after US insistence against strong resistance from developing countries.

So far, debate within the group has mainly concentrated on defining which intellectual property rights can be designated as "trade related" and to fall within Gatt's purview.

Cutting through this discussion, the US proposal forthrightly calls on countries to:

- create at their borders an effective economic deterrent to trade which infringes intellectual property rights;
- implement standards in their national legislation which provide a basis for effective enforcement;
- ensure that measures to enforce intellectual property rights do not create barriers to legitimate trade;
- extend international dispute settlement procedures to the protection of intellectual property.

Existing international agreements, such as the Paris Convention for Patents and the Berne Copyright Convention, contain no adequate methods for inducing governments to fulfil their obligations.

Under the US proposal, failure to comply with the recommendations of a Gatt dispute settlement mechanism would lead to retaliation, including the withdrawal from an offending country of Gatt tariff and other concessions.

Countries would also be expected to provide "timely administrative and judicial procedures" to enable owners of intellectual property to enforce their rights.

Procedures would include the ability to petition governments to prevent imports of infringing products. The US even envisages criminal remedies.

Manufacturers and patent holders in the industrialised countries complain that the legal recourse provided by many governments is at present totally inadequate. Fines for offences are in some cases so small that counterfeiters can treat them as business expenses.

Similarly, the big trading countries argue that the standards applied in many others fall far short of reasonable protection. Durations of patent rights, for instance, vary considerably. Some products, such as pharmaceuticals, may be denied patent rights.

Now the US proposes that under a Gatt agreement, national laws would be made consistent with agreed standards for patents, trademarks, copyrights, trade secrets and original designs for semiconductors.

All this goes much further than anything contained in existing conventions such as those administered by the World Intellectual Property organisation (WIPO).

But it is consistent with the strategy that the Reagan Administration has been pursuing for the past few years under pressure from the Intellectual Property Committee, a lobby comprising mainly pharmaceutical, electronic and automobile manufacturers.

This lobby argues that better worldwide protection of intellectual property is essential to maintain US economic and commercial competitiveness. Its arguments have more recently been strongly echoed within the European Community, notably by UNICE, the European employers' group, and in Japan.

Neither the EC nor Japan, however, has yet committed itself to working out a solution within Gatt, as the US wants. The EC, too, has criticised US practices over intellectual property for discriminating against foreigners.

## Mary Helen Spooner on Chile's growing trade links with S Africa

# Chile embraces isolated Pretoria

ON OCTOBER 19, Chile's Foreign Ministry bestowed a decoration on the departing South African ambassador Mr Michael Muller. The decoration, the Bernardo O'Higgins Order of Merit, named after the country's independence hero, is an honour General Augusto Pinochet's 14-year-old military regime has rarely granted foreign ambassadors, and reflected growing closeness between two governments with similar ideological outlooks and problems of international isolation.

South Africa, while not one of the country's major trading partners, has steadily increased its commercial relations with Chile. According to central bank figures, trade between the two countries reached $41.6m during the first six months of this year, a 60 per cent increase over the same period last year.

Early this month Mr Barend du Plessis, the South African Finance Minister, paid a three-day, "unofficial" visit to Santiago, and predicted that bilateral trade and South African investments in Chile would continue to grow in the near future. Mr du Plessis, accompanied by the South African Finance Ministry's Director-General Mr Chris Stals, met with Chile's banking superintendent, economy minister, central bank president, finance minister and planning minister. One of the reasons for the visit, he said, was to identify areas of potential interest to South African investors.

"Despite the fact South Africa is not a capital-exporting country, we do permit our businesses to invest in other countries under the same conditions as ours, and from this point of view Chile has great potential", Mr du Plessis said. He sidestepped questions about the impact of economic sanctions on the South African economy, saying the answer could be found "in the minds of my country's enemies".

Anglo-American Corporation is the largest South African company operating in Chile, and is a majority shareholder in Mantos Blancos, the largest privately-owned mine in the country. Mantos Blancos is located 45 kilometres north-east of the port city of Antofagasta, and last year increased its copper production by 19 per cent to 84,500 tonnes. The company is currently converting Mantos Blancos from an open pit to an underground mine. Anglo-American is also completing a feasibility study of a gold project and is considering an open pit silver mine in Northern Chile.

Another South African mining company, Consolidated Gold Fields, is operating in Chile and has sought to develop a gold deposit called La Coipa, whose reserves have been estimated at 10m tonnes, with six to eight grams of gold content per tonne. Development of the deposit, potentially the richest in the country, has been delayed by disputes over land titles. Gold Fields recently suspended its geological activities in Chile, but is said to remain interested in the La Coipa project.

Other South African investors in Chile include Sandock Austral, which in 1983 signed a $13m accord with the Chilean Navy to build a shipyard in Punta Arenas, and Fedfood and Kaap-Kunene, which three years ago joined a Chilean fishing company to build a packing plant in northern Chile for $8m. A Chilean-South African chamber of commerce was formed in 1980 and has sought to boost trade and investment between the two countries.

Chile is also one of Pretoria's biggest arms purchasers in Latin America. The country's paramilitary police force, the Carbineros, receives part of its small arms and munitions from South Africa, as well as some limited police training courses. In 1981 South Africa's Armscor company sold Chile several Cactus missiles, though in general the Chilean military's budget for major arms purchases is limited.

Mr du Plessis: "Unofficial" visit

Senior Chilean and South African military officers have made numerous reciprocal visits in recent years, with General John Earp, South Africa's air force commander, visiting Santiago last month during Chile's independence day celebrations. The commanders of Chile's national police, air force and navy have visited South Africa, along with Mr Patricio Carvajal, the Defence Minister. Admiral Carvajal, who travelled to South Africa in November 1985, said on his return to Santiago that "apartheid has been magnified by the international press", and that "Soviet imperialism distorts incidents occurring both in South Africa and in Chile."

The Pinochet regime has posted at least two military officers implicated in alleged human rights abuses to its embassy in Pretoria, Army Colonel Pedro Espinoza, a one-time agent of Chile's former secret police intelligence unit, the Dina, returned from his posting in South Africa earlier this year. Colonel Espinoza is one of two former Chilean security agents whose extradition the United States has unsuccessfully sought in connection with the 1976 car bomb assassination of a Chilean exile leader and his American colleague in Washington.

Another official, former air force squadron commander Roberto Fuentes, returned from South Africa two years ago to testify in a civilian court investigation into the disappearances of 14 Chilean leftists during the early years of the Pinochet regime. When Chilean authorities invoked a 1978 amnesty law, absolving military officials of any wrongdoing in such cases, Colonel Fuentes returned to South Africa for a military training course.

While Chile's military and economic ties with South Africa improve, the Pinochet regime's relations with black African countries remain at a low level. The country maintains only three embassies - in the Ivory Coast, Kenya and Zaire - along with a trade office in Gabon. No black African nation has an embassy in Santiago, with three or four envoys covering Chile from Argentina or Brazil.

The situation has provoked some criticism, for Chile is a member of the Intergovernment Council of Copper Exporting Countries (Cipec), along with Peru, Zaire and Zambia, and does not have formal diplomatic relations with Zambia.

Chile, with depends for nearly 40 per cent of its export earnings on copper, is facing proposed restrictions on its copper sales to the United States, its largest copper market. Although Cipec president Mr Ileo Itambala of Zaire recently visited Santiago and promised the organisation's help in fighting such restrictions, Chile's improving ties with South Africa do not help the country's standing with its fellow copper producers in Africa.

# Portugal forestry exports grow

BY DIANA SMITH IN LISBON

PORTUGUESE exports of forestry products grew strongly between January and August to an unprecedented total of Es130.9bn(£930m). Forestry officials estimate that exports for the full year could total a record Es180bn.

The biggest item, with exports of Es48.8bn, is short fibre bleached pulp of which Portugal is now a leading world producer. Pulp exports increased 83 per cent in value compared with the same period of 1986.

Portugal exported 1.3m tonnes of timber - 100,000 tonnes more than in January-August 1986 - at a value of Es30.7bn. It also imported Es10.2bn-worth of timber, much of it for pulping. Substantial wood imports in a country where nearly one half the land mass is in principle dedicated to forestry arouse some controversy among pulp manufacturers.

Meanwhile, another forestry product, wood furniture, is showing dynamic growth, with Es2.5bn-worth of exports in the first eight months of this year -

# Cyprus tourist arrivals up

TOURIST arrivals in Cyprus showed a rise of 18 per cent in the first nine months of this year, reaching more than 856,000.

The Cyprus Tourism Organisation said visitors from Britain (254,000) represented nearly a third of the total.

Foreign exchange earnings from tourism rose by 32 per cent in the first six months

# Israel increases trade links with Chinese

By JUDITH MALTZ IN JERUSALEM

THE ISRAELI Ministry of Industry and Trade's formal approval earlier this month of direct imports from China, with whom the country has no diplomatic ties, served officially to confirm what has lately become an open secret: Israel's growing trade links with the People's Republic.

Having been warned repeatedly by the Chinese against any publicity, the Israeli government has traditionally been tight-lipped on the subject. What appears to have changed the picture were the talks late last month between Foreign Minister Shimon Peres and his Chinese counterpart, Wu Xueqian, the highest-level talks ever conducted between the two countries.

These were interpreted as a sign that the Chinese, now keen on playing a role in the Middle Eastern process, are no longer as insistent about maintaining the secrecy regarding their ties with the Jewish state - and may be prepared to accept a fully-fledged commercial relationship with the country whose technology prowess it has long admired.

Small quantities of cunsumer goods bearing a 'Made in China' label, primarily children's toys, have been visible for some time on the shelves of Tel Aviv department stores.

More lucrative for the Chinese, however, is the prospect of large-scale coal sales to Israel, an idea the Israeli Energy Ministry has been flirting with for some time, having decided to diversify away from its main supplier, South Africa. Several small, privately-owned Israeli coal companies are known to have already begun trial imports from China.

Until now, most of the trade between the two countries has been largely one way - from Israel to China - and the bulk of that trade is reliably reported to have involved military goods, although Israeli officials will never confirm this.

The Chinese have been specially interested in the knowledge Israel has acquired about Soviet-made weapons, as a result of its wars with Arab states. Although no official estimates exist, the value of Israeli military sales to China over the past several years has been put at billions of dollars.

Commercial exports represent only a small share of Israel's dealings with China. Plagued by a shortage of hard currency, the Chinese prefer embarking on joint ventures with the Israelis, thereby acquiring their know-how and technology, rather than making outright purchases of goods.

Among contracts already signed are ones involving the establishment of shrimp and strawberry farms, a computerised irrigation system in a large Chinese province, and the construction of a factory to produce cotton clothing.

# W Germany consolidates textile machinery lead

BY ALICE RAWSTHORN

WEST Germany consolidated its leadership of the world's textile machinery industry last year, while Italy reinforced its role as one of the fastest growing textile machinery sectors.

In 1986, exports of West German textile machinery rose to $3.3bn (£2.1bn) according to figures published by Cematex, the body representing the European textile equipment sector.

West Germany also has the largest textile machinery sector with more than 400 companies employing 41,500 people. Output from the industry rose by 13 per cent last year.

China and the US emerged as biggest markets for West German machinery while spinning equipment was the largest product sector.

Switzerland is still the second largest textile machinery industry, according to Cematex, with 120 companies claiming exports worth $1.7bn in 1986.

Yet Italy houses one of the most dynamic industries. In recent years exports of Italian textile equipment have risen rapidly. There are now more than 350 Italian textile machinery manufacturers employing 26,000 people.

Last year the value of output from the Italian industry grew by 11 per cent, while export sales increased by 13 per cent to $1.2bn.

Both the French and the British textile machinery industries have contracted sharply in the past decade, in the face of the continued strength of the West German and Swiss sectors and the rapid growth of the Italian and Japanese industries. The 80 French companies claim overseas sales of $466m in 1986 while the 180 British companies exported $424m-worth of machinery.

Exports from the Belgian industry were worth $317m last year, according to Cematex. The Spanish industry, one of the youngest in Europe, claimed overseas sales of $175m.

# Labour calls for more control in financial sector

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE LABOUR party's national executive committee yesterday set in train the party's two-year policy review and called for a major extension of "democratic control, planning and regulation" over the financial sector of the British economy.

The move was quickly followed by a Shadow Cabinet demand for a cut in interest rates to avoid "serious financial collapse" and for a halt to the sale of BP shares.

It also urged the government to convene an early meeting of the Group of Seven nations, in order to agree a short-term strategy for stabilising international finances, and the abandonment of the government's privatisation programme.

The NEC was expected to approve an emergency resolution which confined itself to attacking the government's "free market" philosophy.

But Mr Neil Kinnock, the Labour leader, accepted an amendment put forward by the left-wing MP Mr Ken Livingstone demanding "a real socialist alternative" based upon a productive economy and a major extension of control over the financial sector.

The resolution, together with its amendment, was adopted without a vote. Mr Larry Whitty, the party's general secretary, said later the intention was to ensure that it was "made flesh" by the economic policy review group - one of seven review groups announced yesterday.

Mr Livingstone's successful initiative follows his weekend speech at the Socialist Conference in Chesterfield, Derbyshire, at which he said that Labour would have to take full control of the financial institutions in the City of London in order to solve the crisis of capitalism. Such a sweeping programme has little chance of finding majority support within the party leadership, however.

Mr Whitty confirmed that the party's seven policy review groups will submit their initial findings by next April, and the first outline will be presented to the 1988 annual conference in the autumn. This will then be followed by another year of detailed work in preparation for the following year's conference.

Alongside the review groups, the "Labour Listens" programme will mount a series of organised meetings around the country designed to gauge party and public opinion on a wide range of political issues.

# City of London tightens up on plans for office development

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE CITY of London Corporation, which regulates property development in the financial centre, has signalled that the development boom, set off to accommodate the growing space demands of the financial services sector in the City, is coming to an end.

On the assumption that the bull market in equities is ending, Michael Cassidy, chairman of the City's planning committee, said yesterday that "future planning must take into account that financial markets may never again be as buoyant and that development needs will change. We have known that there would come a time when we would say that the end is in sight."

This means that the planning committee, whose consent is necessary for new developments, will take a more stringent attitude towards proposals to build more office buildings and its interpretation of planning guidelines will be less liberal.

The aim is to ensure that there will not be an over-supply of office space in three to five years' time. "The worst thing for the financial City would be to have empty buildings," Mr Cassidy said.

Over the last two years the City Corporation has given planning consent for about 15m square feet of office space. It had been assumed, at least until two weeks ago, that the pace of building resulting from these consents would bring demands for space into line with supply by about 1990.

At the moment there is such a tight squeeze on space that companies have been leasing office blocks at higher and higher rents up to two years before their completion.

Tighter control over developments which would have become available in the early 1990s would tend to protect those property companies with projects already completed or nearing completion. The shares of companies with extensive exposure to the City property market have been among those most severely hit by the fall in equity prices.

# MPs warn against FT bid

BY PETER RIDDELL, POLITICAL EDITOR

AN ALL-PARTY group of members of parliament yesterday tabled a House of Commons motion warning against any takeover bid for Pearson, the owners of the Financial Times, by Mr Rupert Murdoch's News Corporation.

Sponsored by Mr Robin Corbett, the Labour home affairs spokesman, the motion is backed by Mr Michael Foot, the former Labour leader, and by Conservative MPs, Mr Julian Critchley and Mr Jonathan Aitken - all of them journalists or former journalists.

The motion expresses "alarm" at the acquisition of a 14.7 per cent stake in Pearson by Mr Murdoch and says that "any takeover attempt of the FT (by his group) would jeopardise its integrity, accuracy and independence and expand the already-dangerous monopoly ownership of much of the national press and other media."

The Government should, according to the motion, give an assurance that any such bid would be referred to the Monopolies and Merger Commission.

Other signatories include the Liberal MPs, Mr Ronnie Fearn and Mr Matthew Taylor, Mrs Margaret Ewing, the leader of the Scottish Nationalist Party in parliament, the Tory MP Mr Anthony Beaumont-Dark, and the Labour spokesman Mr Mark Fisher.

**Richard Tomkins** went to meet the last few applicants for BP shares queuing to beat the deadline

# The mysterious motives of the small investor

IN THE week-and-a-half since the stock market crash began, one question above all has assumed the proportions of One Of Life's Great Mysteries: who on earth are the 200,000 or more people who have applied for British Petroleum's shares at 330p apiece when they can pick them up for 20 per cent less in the market?

Yesterday, as the 10.a.m. deadline for the submission of applications in the Government's latest privatisation project loomed and the customary throng gathered outside the grimy portals of the National Westminster Bank's new issues department in the City of London, it became possible to struggle towards an answer.

Not that last-minute applicants were well represented in the crowd. It consisted almost entirely of eager reporters at pains to express their concern for the financial acumen of would-be shareholders. ("crazy" seemed to represent the consensus view.)

Gone were the queues which used to stretch hundreds of yards round the corner and up the street. And gone the crowd control barriers, the mounted police, the traffic jams, the excitement as the deadline approached.

Mercifully, NatWest's ebullient Freddy Payne, doyen of the receiving bankers and the man who could always be relied on to say, "It's the biggest turnout we've ever had," was not there; he retired earlier this year and was spared the dismal scene.

Also conspicuously absent was Mr Norman Lamont, Financial Secretary to the Treasury, who two weeks earlier had launched the BP offer with the immortal words: "It will be another step on the road towards real popular capitalism in this country."

Only a handful of applicants arrived during the morning, each to have their completed forms gratefully seized by agents of NatWest's new issues department before being released to an inquisition at the hands of the press.

"Why ever are you buying shares in an offer for sale which everyone is saying will be a gigantic flop?" they were asked, the implication of insanity only thinly veiled.

Their answers were disappointingly sensible, if not wholly convincing.

"It's a long-term investment," said a 53-year-old quantity surveyor from Wrotham, Kent. "The shares are obviously at the bottom now or pretty near it, so they can only go up from here. And they're only £1 or so up front, so I haven't got much to lose."

A 43-year-old chartered accountant from Wembley, London, said he had calculated the value of the one-for-10 loyalty bonus, the partly-paid basis and the lack of dealing costs, and reckoned the shares would be a good buy for the long-term.

A 32-year-old, Nigerian-born secretary from Lewisham was making a preferential application as an existing BP shareholder; "I've held BP's shares since 1976 and they've done very well for me so far. I come from an oil-producing country so I know something about it."

None of this satisfactorily explained why they did not simply buy the partly-paid stock shares at around half the price when dealings begin on Friday. But a 50-year-old business executive from Belfast had his own theory on this.

In his view it was inconceivable that the Government would not find some way of repaying the loyalty of small investors who stood by it in its hour of need. "I am sure they will be suitably rewarded - perhaps with an extra bonus of shares."

Sadly he will not be among the beneficiaries if his theory is borne out. He arrived from Belfast just two minutes after the deadline and, astonishingly, had his application rejected because it was too late.

# Study attacks short-termism of fund managers

BY RALPH ATKINS

BIG FINANCIAL institutions make share prices more volatile and encourage a short-term outlook by industry, says a report issued today by the Institute of Directors. It says they are mostly traders and not active shareholders: they sell rather than intervene if investment meets difficulties.

Mr Barry Bracewell-Milnes, economic adviser to the institute, the report's author, says the answer is to use the tax system to encourage wider share-ownership and injection of personal funds into industry. He proposes abolition of inheritance tax and capital gains tax, and reducing income tax.

The report was written before the recent slump on world stock markets but the institute says it believes its conclusions have been reinforced. It says that if share-ownership had been more diverse, the slide would have been smaller.

Mr Bracewell-Milnes says that when an individual is investing his own money he takes a long-term attitude. "There is no real institutional counterpart to individuals looking ahead to the circumstances of their grandchildren and beyond," he says.

The report says the problem of [so-called] short-termism is frequently misunderstood or exaggerated but warns there are genuine causes for concern.

It says short-term share price movements can become self-fulfilling with companies performing less well in the medium term because of constant pressure to produce quick results.

"The problem is not that fund managers' thinking is too short-term but rather that they can and often do react much more quickly to a perceived deficiency in a company than the company can put the matter right," the report says.

Financial institutions rarely have time, incentive or expertise to take an integral part in the affairs of companies the shares of which they hold. Moreover, the report says, the pay-off from active involvement seldom justifies the expense.

*Are Equity Markets Short-Sighted?; Institute of Directors Policy Unit. 116 Pall Mall, London SW1Y 5ED, £3.95.*

# Knightsbridge safe deposit centre sold

BY RALPH ATKINS

THE KNIGHTSBRIDGE safe deposit centre, scene in July of Britain's biggest robbery, and a second deposit centre have been sold for £1m.

The sale completes the disposal of the assets of Security Deposits, the centres' parent company which went into receivership after more than £30m was stolen from its vaults.

Ernst & Whinney, the accountancy firm appointed joint receiver to the company, said yesterday it was "very unlikely" any of the money would go to those who had valuables stolen. Preferential creditors will be paid first.

The Knightsbridge centre and one in St John's Wood, London, have been bought by Metropolitan Safe Deposits which already has a similar centre in Belgravia. The purchase increases the number of safe boxes controlled by the company from about 3,000 to 13,000.

Mr Nigel Ashley, marketing manager of Metropolitan Safe Deposits, said advanced security procedures and alarm systems would be introduced at the new centres. "If we were raided, the police would be on the premises within three minutes of the boxes being tampered with," he said.

Mr Nigel Hamilton, of Ernst & Whinney, said the sale had attracted a lot of interest with more than 50 serious potential buyers.

When the two centres were bought by Security Deposits early in 1986 they were valued at between £750,000 and £1m. In the 16 months to March the company's turnover was about £100,000.

The safe deposit industry has grown strongly in the last five years, encroaching on a market traditionally served by the clearing banks.

# Delays expected on Severn Bridge

By Anthony Moreton, Welsh Correspondent

SEVERE DELAYS are expected on the westbound side of the Severn Bridge on Saturday when one of the two carriageways will be closed for repairs.

Travellers towards Wales and the West Country have already met serious hold-ups on the M4 motorway which is under repair near Swindon. This work is expected to continue until Christmas.

The Severn Bridge works are part of a £50m programme of strengthening and resurfacing. The main contract, worth £29.5m, is being undertaken by John Laing Construction.

The bridge, opened in 1966 to continue the M4 into Wales, carries 40,000 cars and lorries a day, although at peak times the figure has been well over 55,000.

It is now an essential part of the economy of South Wales and its closure increases pressure on the Government to decide on the site of a second crossing of the Severn.

The bridge is reduced to a single lane in each direction on most nights and the Transport Department has already warned that it will need to close the bridge completely during the day at times during the winter.

The original intention was to close the bridge completely on four occasions on Sunday mornings over the next few months.

The Government now says "closure of one or both carriageways is planned for only eight occasions over two years, each time at a weekend."

The work is expected to be completed by 1990.

● The European regional fund has made a £10m grant towards the peripheral distributor road being built in Cardiff.

The road, to link the north of the city to developments taking place around the docks under the Cardiff Bay Development Corporation, is seen as a key element in the regeneration of the southern part of the area.

The European Regional Development Fund provides up to half the capital cost of eligible schemes.

The award to South Glamorgan county, the roads authority for the area, brings the total allotted to Wales to £445m. The fund was set up two years ago.

### Ian Hamilton Fazey examines the latest project for regenerating Halifax

# Backing for a former carpet-making city

BARRATT DEVELOPMENTS is to spend about £400,000 on housing in Halifax, West Yorkshire, in the latest initiative spurred by the Business in the Community regeneration project.

This follows a visit to the town last week by Sir Lawrie Barratt, the company's chairman, as a member of an inspection team from the governing council of Business in the Community.

Even if Halifax were not the centre of Britain's experiment in urban regeneration, Barratt might have eventually moved into development there. However, it would not have done so as soon.

"When the local authority, the Government and all agencies are working together with the private sector it makes things very much smoother," Sir Lawrie said. "You can do it without some of them but it's harder."

The experiment is called a "one-town partnership" and it works by persuading all sections of an entire community to pull together towards common goals of economic and social regeneration. A better climate for business, and the least resistance to its growth should encourage more business, the theory goes.

The town of Lowell in Massachusetts, which has done it already, is the model. If it works in Halifax – and it is beginning to look as though it might – it will be tried elsewhere. Business in the Community is already looking at possibilities in the north-west, including central Manchester, which was visited yesterday by the Prince of Wales, BiC's president.

**THE PRINCE of Wales visited Manchester yesterday to see regeneration and job training projects, including a housing association scheme in Moss Side employing young people from the inner city.**

**He said: "Some of the initiatives here in Moss Side demonstrate it is quite realistic for local residents to be directly involved in the opportunities generated by the inner city renewal process."**

**Prince Charles is president of Business in the Community, a partnership of companies, government, the voluntary sector and unions. It aims to promote corporate involvement in local economic regeneration.**

Halifax suffered a substantial collapse in its economy when its carpet industry closed down during the recession, forcing up local unemployment to more than 15 per cent of the workforce.

The latest jobless figure for the area is 10.2 per cent and it is falling. Part of the reason is the general economic upturn, but Mr Michael Ellison, the borough's chief executive, says things are happening quicker because of the partnership and the effect it is having on confidence.

The point made a strong impression on the other members of Business in the Community's governing council on the tour – Sir Brian Hayes, Permanent Secretary at the Department of Trade and Industry, Mr Francis Carnwarth, Baring Brothers' personnel director, Mr John Darby, chairman of Arthur Young, and Mr Philip Ward, group personnel executive of Northern Foods.

Sir Lawrie's decision will add to a growing list of initiatives which have arisen through the partnership. Not all are big, but the partnership is trying to achieve a cumulative effect.

They include:

● A £200,000 interest-free loan from Rowntree Mackintosh, a big local employer, to set up a low-interest revolving fund to help businesses refurbish and restore their frontages and improve the look of the town centre.

● A strategic commercial study of Calderdale by the Burton Group.

● The loan by Marks and Spencer of a management trainee to help a small machine-tool company expand its market. The company has also sponsored a local theatre.

● A six-month loan by JCB of a mechanical digger for environmental work, plus training for two drivers.

● The siting, by the DTI, of the West Yorkshire Regional Design Centre in the Dean Clough industrial park. The park is a £1m sq ft complex of former Crossley carpet mills being developed mainly for small businesses by Mr Ernest Hall, the founder of Mountleigh Group.

● Northern Foods has sponsored a study by Project Fullemploy into Asian community needs.

● Grand Metropolitan, owners of Webster and Wilson, the local brewers of Yorkshire Bitter, Budweiser and Fosters, has supported environmental improvements on a housing estate.

Sir Lawrie Barratt: adding to the list of initiatives

● Hambros Advanced Technology Trust has set up a venture capital office.

The biggest project announced so far has been Eureka, a national children's museum and learning centre on which the Clore Foundation will spend £5m. It will be built on a prime, but derelict, city centre site next to the railway station.

The other important thing to emerge in the last three months, however, has been how to run the partnership. Mr Richard Wade, Business in the Community's director of marketing and resources, has persuaded leading members of the public and private sectors to set up a "focus group" to build a consensus.

The private sector input comes from Mr Bill Rooney, chairman of Spring Ram, which is based locally, Mr Hall, Mr Ken Sinfield, general manager of Bradford-Pennine Insurance, and Mr Crawford Laughlan, general manager of Halifax Building Society.

The active involvement of people at the top means that ideas can be turned into reality more quickly than if they were submitted to all parties separately, as might be the case with a typical consultants' or planners' report.

There has also been a rapid realisation that something more than pulling together all the threads is needed. In Lowell, regeneration was made to work through a locally-funded finance company. This lends money to industry and commerce cheaply for one third of the cost of projects.

The fund's profits are ploughed back to swell the sums available to finance more industrial development, but only after a fifth of interest repayments have gone into other funds for housing and environmental improvements.

The focus group is coming the the conclusion that Calderdale needs something similar. The public sector representatives are talking in terms of £200,000 from the local authority to get things going. Mr Hall is ready to set an example.

He and Mr Ellison, however, are keen to ensure that the community at large can be involved too.

# Builder plans E. Anglia village

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

CONSORTIUM Developments, a grouping of the nine largest housebuilding companies in Britain, has joined the competition for planning consent to build a village near Cambridge.

It announced yesterday that it wanted to create a village of 3,000 homes for a population of 7,500 people on a 500-acre site west of the A10 and south of Wilburton, about seven miles north of Cambridge.

Its proposals join the plans of 13 other developers wanting to build new villages in the Cambridge area. Two of the rival plans are near the site of Consortium Developments. The others are to the south and west of Cambridge.

The announcement by Consortium Developments was timed to coincide with the public enquiry into revisions of the Cambridgeshire plan that would establish land use patterns in the county into the next century.

Proposals put forward by the Cambridgeshire County Council at one stage included provision for two new villages. They were later changed to provision for one, to the north of Cambridge, in the interests of switching the balance of development away from the area south of the town.

So there is a long haul ahead for Consortium Developments and its 13 rivals. Those with plans for the south and west side of Cambridge are seeking to obtain a change in the plan to suit their proposals.

If the northern proposal is ultimately endorsed by Mr Nicholas Ridley, the Environment Secretary, the field of developers would be narrowed, but Consortium Developments would still have to place planning proposals before and win approval over the two other sites from the East Cambridgeshire District Council.

Pressure for new residential accommodation in the Cambridge area reflects the growth of the town based on the university and the establishment in the area of high technology.

The nine companies in Consortium Developments are Barratts, Beazer, Bovis, Ideal Homes, John Laing, Y.J. Lovell, Tarmac, Wilcon and Wimpey.

# Beatrice Poultry expands turkey breeding interests

BY ALICE RAWSTHORN

BEATRICE POULTRY plans to reinforce its position within the turkey market by acquiring the turkey breeding activities of Lawrence Mack, which is the largest privately owned turkey breeder in the UK.

Beatrice, which has paid a "substantial but undisclosed sum" for Mack, is one of the major players in the turkey market together with Matthews and Hillsdown Holdings. Although it holds a significant share of the branded sector, with its Butterball brand, its established interests in turkey breeding are relatively small.

Once the acquisition is completed the present management team will continue to run Mack, headed by Mr Brian Carter, its managing director. Beatrice then plans to use its strengthened presence to develop new niches within the market.

Mack employs 40 full-time workers supported by a part-time workforce on four farms in Norfolk. It produces 6m turkey eggs a year, representing an estimated 15 per cent of the turkey breeding market. Although Lawrence Mack is selling its turkey interests it will continue to be involved with pig breeding and arable farming.

Beatrice Poultry is part of the international foods division of Beatrice Companies which is being acquired by the TLC Group of the US.

# Amstrad unveils cheap portable computer range

BY DAVID THOMAS

AMSTRAD, the UK electronics group whose low-cost products shook up the word-processor and personal computer markets, yesterday launched a range of portable computers designed to do the same.

The company believes that sales of portable computers, which one estimate says accounts for less than 5 per cent of the personal computer market, have been hindered by the high price of existing products.

Mr Alan Sugar, Amstrad's chairman, said he intended to sell hundreds of thousands of the portable range during its life- cycle, which could be up to five years.

He added: "We will be successful in expanding a very small market in a similar way to the word processor."

Amstrad's new range, called PPC, will go on sale in the UK and the US in January and on the continent shortly afterwards. The company is announcing the range now to coincide with a large US computer show.

The machines are IBM-compatible, weigh about 5.4 kg, come with a case, have a full-sized keyboard and can be operated with batteries, through a car's cigarette lighter or via the mains. The PPC range has four models, with all prices excluding VAT:

- the 512S, with single disc drive and 512K of memory, costing £399.
- the 512D, with double disc drive and 512K of memory, costing £499.
- the 640S, with single disc drive, 640K of memory and inbuilt modem, costing £499.
- the 640D, with double disc drive, 640K of memory and inbuilt modem, costing £599.

Amstrad believes that corporate customers will tend to buy the top end of the range, to be sold through both computer dealers and in the high street.

Analysts were generally impressed by the price and features of the range, but some doubted whether there was a mass market for portable personal computers, separate from home and business machines.

Amstrad will be competing with, and generally undercutting, the portable machines of Toshiba, Compaq, Epson and Zenith. It may also face competition from Sir Clive Sinclair's lower-priced Z88 lap-top computer, launched last month. However, Mr Sugar dismissed this possibility, arguing that his range was more powerful.

# Vauxhall chairman predicts 'solid' operating profits

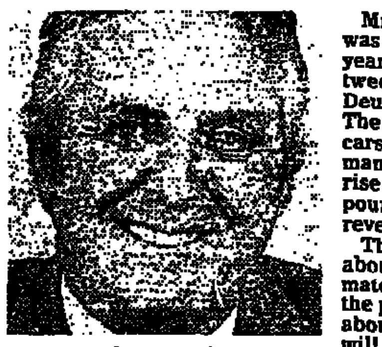
BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL, General Motors' UK car subsidiary, will recover from the £61.7m net loss it suffered in 1986 and produce a "solid" operating profit - and possibly a net profit - this year, according to Mr John Bagshaw, the chairman.

This is partly due to a cost reduction programme which is halfway through and aims to cut Vauxhall's costs by 25 per cent in three years.

To this end, the company has reduced its workforce by another 1,200 voluntary redundancies and early retirements in the past 15 months, taking the number of employees down to about 11,000.

Mr Bagshaw says that, apart from savings on jobs, Vauxhall has already cut £15m from annual administration costs - by "doing it smarter", cutting stocks and using computer programmes instead of manual systems.


John Bagshaw: cutting costs by 'doing it smarter'

Vauxhall has also reduced spare parts stocks by £11m but maintains the same level of service, he says.

During the past year, the level of Vauxhall car stocks in Britain also has been cut by 22,000, with consequent savings on financing charges.

Mr Bagshaw says Vauxhall was also helped for most of this year by a stable relationship between the West German Deutschmark and the pound. The company imports so many cars and components from Germany that in 1986 every pfennig rise in the D-Mark against the pound cost Vauxhall £1m in lost revenue.

The company has shifted about £200m of component and material sourcing to Britain in the past 24 months and this year about 70 per cent of the cars it will sell will be built in Britain.

Mr Bagshaw says Vauxhall had put more marketing effort behind the Astra and Belmont cars which are assembled at its Ellesmere Port, Merseyside, factory, at the expense of the Spanish-built Nova.

As a result, Ellesmere Port should build about 113,000 cars and vans this year while the Luton, Bedfordshire, factory should make about 80,000 Cavaliers, in spite of a 10-day strike which ended yesterday.

The implication is that Vauxhall's vehicle output in Britain will remain at roughly the 193,000 level achieved last year in spite of a relatively steep fall in unit sales and market share.

A £20m investment is planned for Luton in 1988 to prepare the factory to produce the replacement for the Cavalier. This follows the installation of a £97m paint plant at Luton which has been operating for six months.

Mr Bagshaw says the expected output at Luton does not make extensive automation worthwhile but the new Cavalier would bring with it modular assembly of the type developed by GM for the Astra, Carlton and Senator.

Vauxhall's car stocks are currently at their lowest level since the late 1970s. Dealers ran out of stock of some models in August and this had a negative impact on the company's September performance.

Mr Bagshaw reckons Vauxhall's car sales in 1987 will be about 274,000 or 10,000 below last year's level. Its market share will be a shade over 14 per cent, down from just over 15 per cent last year and a peak of 16.56 per cent in 1985.

Vauxhall has no intention of becoming involved in another price war - profit rather than market share is the prime objective at the moment - but dealers are being offered modest incentives in the final quarter in the expectation that the company can achieve a 15 per cent market share.

Mr Bagshaw predicts Vauxhall car sales will be a little higher in 1988 and, when the new Cavalier is fully available, he believes the company can hold a profitable 16 per cent of the market.

# British Coal seeks to cut 900 jobs in Derbyshire

By Maurice Samuelson

BRITISH COAL is seeking up to 900 redundancies in the North Derbyshire coalfield, now part of its Central Area.

Some 400 jobs will disappear at the end of this week with the closure of the last face of the former Ireland colliery, opened in 1858.

To reduce overheads Ireland had been merged with the bigger Markham colliery but poor production levels caused losses of £9m in the past six months and the National Union of Mineworkers has decided not to contest its closure.

Voluntary redundancy is on offer to the 400, boosted by a £5,000 supplement to the official redundancy package. The men also have the choice of transfer to other pits, such as Shirebrook, where 300 voluntary redundancies are being sought to make way for men displaced by other closures.

Next spring, North Derbyshire will lose 200 more mining jobs when the 50-year-old Arkwright pit closes and 300 more will go if the national review procedure upholds British Coal's bid to close Renishaw Park colliery.

- British Coal plans to spend £10m on raising output by 50 per cent at Betteshanger colliery in Kent.

# Investment of £1bn is urged for London's railways

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

LONDON'S railways need investment of more than £1bn to create an integrated transport system comparable to those of other European capitals, a report claims today.

The report, Railways for London, was produced by the Campaign to Improve London's Transport, a research body set up by the former Greater London Council and now funded by the 32 London boroughs.

It makes detailed proposals for spending on 26 schemes to link the networks operated by British Rail and London Regional Transport, which runs the Underground.

The authors call for cross-party support for their proposals, which they say should not be politically contentious.

The costs, which would be largely borne by central and local government, are not fully defined. Those schemes which are costed total £1.17bn.

The report says the Docklands Light Railway has shown the benefits of investment in urban railways, to which, it says, BR gives low priority.

"We must learn from this experiment, and develop our existing rail network into an environmentally sound system, accessible to all, that allows cross-town trips.

"The network is there; what is needed is investment in new rolling stock, cleaned-up stations, well trained staff, and the integration of BR and the Underground," it says.

Major investment proposals in the report include:

- New or improved inter-suburban links possibly using light-rail technology similar to the DLR.
- Restructured services in central and south London, including new links between BR and Underground services.
- Through-running of BR trains across London, via links between Kings Cross and Blackfriars, Paddington and Liverpool Street, and Victoria and Baker Street.
- Extension of Underground lines into south London, and to link with the DLR.

# Computer group to open London centre

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

DIGITAL EQUIPMENT Corporation, the rapidly-expanding US computer group, is planning to spend £50m over the next three years on a London-based centre to develop its technology for the financial services industry.

The centre, which will have a workforce of about 100 technicians and back-up personnel, will serve the whole of the European market. Its products are also expected to be used by DEC in the US, a reverse of the normal process under which the company exports its technology from its American base to Europe.

Mr Bruno d'Avanzo, vice president of marketing and sales for Europe, said yesterday that London was the obvious choice for the centre because of its premier position in the financial services market.

The financial sector in the UK had made widespread use of sophisticated technology to establish its position and Digital wanted to work with the industry leaders to increase its growth, he added.

DEC, like a number of other computer manufacturers, is making a concerted effort to attack the financial services industry at present because of the fast underlying growth in the sector. It is also expecting a strong new wave of investment in the City next year as the systems installed during Big Bang a year ago are replaced by more sophisticated products.

The company said yesterday that it did not expect a significant effect on the City computer market from the recent plunge in share prices, although executives added that it was too early to make firm predictions. However, the group believes that over the next year or so financial establishments will be developing their computer technology with a particular emphasis on the back office systems where transactions are processed.

In the UK, where DEC generates 30 per cent of its European sales of about \$3.3bn (£1.95bn), the financial services business is its strongest activity, accounting for 20 per cent of turnover. In Europe in general, DEC's traditional strength in computing for the manufacturing industry outweighs the financial sector, which accounts for only 15 per cent of total group business.

The opening of the centre for the financial services industry follows the launch of similar organisations over the last year for manufacturing, telecommunications, services and research and development.

# Top Welsh society hits £500m assets

**Anthony Moreton listens to Principality on a crucial year for building societies**

PRINCIPALITY Building Society this month celebrates reaching £500m in assets. For the society, the largest in Wales, this is notable because while Principality may not be renowned - it ranks 29th in the building society league - it has 42 branches in Wales and four in the English border country.

Mr John Mitchell, a Yorkshireman, has been Principality's chief executive for the past year. He says: "The purely English societies do not publish separate figures for the operations in Wales.

"But we believe that in Wales we are on a par with the big boys like Abbey National, Halifax and Nationwide-Anglia, and ahead of the rest."

Principality is the only sizeable Welsh society. The remaining two are the Monmouthshire, based in Newport, with assets of £58.6m, and the Swansea with £13.23m.

Even though Principality's assets are only medium-sized it has no intention to link with a bigger suitor. There have been approaches. "There are many large societies that would love to swallow us," Mr Mitchell says. However, the society has set itself against joining anyone.

He says: "We believe there should be a Welsh voice on building society matters. This is all the more important to us because we see ourselves as the leading independent Welsh financial institution and we think we have a contribution to make as such that would not be possible if we were part of a larger group."

Principality's strategy is to go for profitability rather than asset-growth. Mr Mitchell says the society expects to raise lending by 18 per cent this year, when the movement as a whole is flat, and that its reserve ratio, at 5.99 per cent, is much higher than the movement's average, of 4.25 per cent.

Principality has also set its face against chasing the others in a banking war. It is not intended to set up current accounts or to issue cheque-books or credit-cards.

"Building societies have a much better image with the public than banks and it is not our wish to be seen as a bank of sorts. They can do their own work that much better," says Mr Mitchell.

He believes the movement came to a crucial point this year, between pursuing a banking path or concentrating on societies' core business.

"Our way is housing-related. The corporate plan, drawn up in the light of the Building Societies Act, commits us very firmly to seeing housing as the essential core," he says.

Principality is looking to the Government to make participation in the housing market easier through a housing bill. It is thinking of becoming a developer, building for a mixture of renting and sale.

The natural corollary to this is estate-agency. Principality was among institutions, such as Prudential and Lloyds Bank, to buy into agencies early. It took over Peter Allan, a strong Cardiff firm, and Parkhurst, in Swansea.

Mr Mitchel says: "We now have the largest single agency business in Wales. We acquired 17 offices and have built the figure to 20, and we intend to develop this arm."

Another arm of Principality's strategy is to develop personal loans, through Chartered Trust. Mr Mitchell says this takes the society into an area highly competitive with the banks.

However, he emphasises: "We have always been a financial institution but we have no intention of being seen as a bank. Furthering the cause of home-ownership and improving the housing stock is our rationale."

# US courts' politics, philosophy and lack of central organisation

**By A. H. Hermann, Legal Correspondent**

TO LORD MACKAY, the new Lord Chancellor, greetings and good luck. He will need it if he means to reform civil justice against the united front of the appeal court judges. At the moment their war cry is: "In the name of the Holy Separation of Powers, the Lord Chancellor must not interfere with our ways!"

There is a lesson to be learned from the US. There is no country where Montesquieu's doctrine of the need for a totally independent judiciary, separate from both the executive and the legislature, would be more revered. And look at the mess there.

The US courts do not meddle in matters of foreign policy, war powers and national security, but they do meddle in everything else. With good cause, of course. The US is undergoverned because of the all-pervasive *laissez-faire* philosophy and because of the conflict built into the relationship between the President and Congress by the constitution.

In the Reagan years, both the philosophy of do-as-you-please and the conflicts have become more virulent. Consequently the opportunity for courts to step in and decide at least some of the political isssues left undecided by the politicians has become greater. This may at least partly explain why the *nomination of Judge Bork for* the Supreme Court, now finally defeated, developed into such an affaire.

The political role of US judges, so much greater than that of their European counterparts, is reflected in the way they are appointed, in the administration of their courts and in US theories of law making and law finding.

While in Europe political control *over judicial* appointments is exercised only in the highest echelons, in the US it is all-pervasive. The selection of rank-and-file judges - who are able to void, as unconstitutional, acts of the Congress, the President, and a state governor - is, therefore, of the greatest interest to politicians. Federal judges are appointed for life by the President - often from candidates who have done some service to him or his party - and state judges are either appointed by the governor or elected for a period of years, after which they are *frequently re-elected. Only in a* country as rich in talent as the US can a significant number of outstanding lawyers pass through such a political screen.

However, the political influence does not end with appointment. In particular, lower courts are unable to be indifferent to the territorial units on which they depend for their budget and for the enforcement of their decisions. Add to this that even minor offences and disputes coming before these courts may involve local political interests and that these *courts also deal with violations* of county and municipal ordinances, and one can imagine that to uphold judicial independence and impartiality often requires exceptional strength of character.

This, as well as the political nature of the issues which courts are often asked to decide, may be the reason for a preference for collective decisions. Appellate courts always *sit in benches of three or more*, even when dealing with trivial matters, and all courts make extensive searches of previous decisions, even if these are not binding in the way decisions of superior courts are in the UK.

## With the President and Congress at loggerheads, courts need to take political decisions

The attorneys' habit of leaving no *stone* unturned for fear of malpractice suits by clients, together with the searches made by judges and their staff - each appellate judge has three clerks and two secretaries - leads to long opinions, stuffed with citations and footnotes. This has been made worse by the advent of electronic retrieval systems, such as Westlaw or Lexis, and of course, the word processor. These electronic "aids" give the delusion that experience, intuition and reason*ing are not all that important.* As a result, many of the 200 000 or so opinions cascading from the appellate courts each year are drafted by young clerks, fresh from law school, and regrettably, this even extends to the Supreme Court of the US.

The deluge of opinions obliges US law schools to select "leading cases" for their students - and also to give greater weight to theory and abstract statements of principles. In addition, "restatements" of various branches of US law by a privately-organised law association *substitute for codification* and are much respected by courts.

However, the political nature of their work obliges the higher courts to look wider and not to limit their researches to legal sources. Responding to this need, the law schools have evolved the theory of "legal realism", a *mixture* of case law and a kind of jurisprudence which draws heavily on other disciplines: in particular sociology, economics and psychiatry.

If, to the European lawyer, this seems an abdication of the specific function of law in favour of policy making, *he should* remind himself that ever since the US courts, under Chief Justice Marshall, assumed the role of guardians of the constitution, they have been involved in politics much more directly and explicitly than courts of other countries.

A theory of purposeful interpretation of law, made possible by the absence of a binding precedent and demanded by the result-oriented public, favours the active, creative, reforming judge. But creativity is not a complete programme by itself, one must also know its aims. Starting with Roosevelt's New Deal, judicial creativity meant movement towards social justice, individual rights and the protection of minorities. Against this background, Judge Bork's view that the constitution should be interpreted as it was intended by its drafters, in a rigorous and morally disinterested way, was probably *enough* to make him appear conservative, anti-reformist and even reactionary.

And then there is the Chicago law school where Judge Bork has his intellectual roots. Judge Posner, another offspring of this school, formulated a new aim for judicial creativity: that the value of law must be proved *by its economic efficiency.* Since in the idealised world of Chicago economists, based on the highly abstract econometrics preached by Pareto some sixty years ago, the businessmen know best what is economically efficient, the businessmen are always right. There is no need, according to Posner, to bring in questions of freedom and human dignity: slavery would be simply more costly than free labour. Perfect market justice, he seems to say, is all there is to US law.

This is a highly questionable proposition. Should we make our freedom dependent on the efficiency of the market? Writing in the last week of October 1987, against the background of the world-wide crash of the security markets, one can have no hesitation that the answer must be "no". But even if there was such a thing as an efficient market, one would still say no to a *fundamentally* utilitarian doctrine, which besides well-intentioned and naive professors, like Jeremy Bentham and Richard Posner, also provided a springboard for such as Machiavelli *and* Hitler. One can see why US judges are *far from* unanimous about treating law as economics, and liberal politicians are even less so.

The US judges, *full of real* politics and false *philosophy*, have no qualms about legislating in the name of the constitution - as they must to keep the nation's business going - but they are very *touchy* about any executive interference with the administration of the courts.

In deference to the constitutional doctrine of separation of powers, *in 1939 the department* of justice was *stripped of its* responsibility for the administration of courts. This was transferred to a newly created Administrative Office of the US Courts whose *director and deputy* director are appointed by the supreme court. Since 1972 the Chief Justice has had an administrative assistant to help him, but his influence on the administration of lower courts is limited: he has no say in the appointment and salaries of judges, nor on the provision and upkeep of courtrooms which are the responsibility of the US general services administration. Though administrators introduced into *federal* courts by the administrative office contributed to their computarisation, they can operate *only* under the authority of the chief judges and in parallel with the chief clerks who remain in control of the politically sensitive listing of cases. The indifference to co-ordination is manifested not only by this pluralism of federal administration, but also by the paucity of contacts between the administrations of federal and *state* courts.

What is the lesson for the UK? That it should strive for a more integrated system in which the Lord Chancellor would lead a *move* towards a more rational method of statutory drafting and a more principled method of law interpretation; and in his ministerial capacity would take the unification of courts and the streamlining of their operation firmly in hand. This would leave the judges free from political influence when dispensing law - which is all that Montesquieu wanted when writing on the eve of the French revolution.

# AEU leaders boycott TUC joint meeting

BY DAVID BRINDLE, LABOUR CORRESPONDENT

LEADERS of the AEU engineering union are refusing to attend a joint union meeting called by the TUC to try to resolve the row over the AEU's single union agreement for a new Ford car component plant in Dundee.

The snub to the peace initiative by Mr Norman Willis, TUC general secretary, raises a serious question over the TUC's ability to resolve inter-union problems caused by the growing number of single union deals.

The AEU has told Mr Willis it will be happy to meet him separately from the other unions and will co-operate fully with investigation of formal complaints which have been laid against the Dundee agreement. But it has said it regards the joint meeting as unconstitutional.

Mr Bill Jordan, AEU president, said yesterday: "There is no precedent for such a meeting and in our view it was designed to frighten off Ford."

The AEU's deal, which other unions say runs counter to the tradition of multi-union representation at Ford, is the first test of the TUC's resolve - expressed at the TUC Congress last month - to smooth out difficulties over single union deals.

Earlier this week, Mr Willis took the unusual step of inviting all the Ford unions to discuss the agreement. This meeting, likely to take place next week, will not affect the formal TUC internal disputes procedures triggered by complaints against the AEU by Tass, the manufacturing union, and ASTMS, the white-collar union.

Mr Jordan said yesterday that his decision to boycott the joint meeting had been endorsed by the AEU's executive council on the grounds that the union had done nothing to breach TUC rules.

Strongly criticising other Ford unions, Mr Jordan said: "It's not trade unionism to sit securely in the south and organise a strike against job creation in the north - and that's what is being talked about."

The Ford unions jointly are due to meet the company tomorrow to hear the management's opening pay offer.

● The TUC is believed to have ruled in favour of the AEU over a complaint by Tass about membership demarcation at Twyfords, the Stoke-on-Trent sanitary ware manufacturer.

# Engineers in N Ireland single union agreement

By John Gapper, Labour Staff

THE Amalgamated Engineering Union has signed a single union deal with Canyon Corporation, a Japanese company which makes sprayer heads, covering hourly paid workers at Canyon's newplant at Mallusk near Belfast.

The deal gives the AEU sole negotiating rights at the only two Japanese manufacturing plants in Northern Ireland. It already has an agreement at Ballymoney, County Antrim with Awaik, the cigarette lighter manufacturer.

The AEU is now electing its first shop steward from among the 32 manual workers at Canyon, having signed the deal just before the plant started production in July.

Despite fierce controversy over an outline single union deal with Ford in Scotland, the Canyon deal is unlikely to provoke strong opposition from other unions.

Mr Norman Young, AEU district secretary for the Midland Counties of Northern Ireland, said the deal provided for two-yearly pay negotiations but was otherwise based on standard industry agreements.

There is no no-strike provision. Mr Ivor Lees, plant manager, said the company had seen no need to press for such a clause.

**Philip Bassett** reports from Miami on American approaches to union problems

# US directions may show the way forward

IF THERE IS one idea from the US which TUC leaders believe deserves close study as British unions search for ways to halt the decline in their membership, it is that of designated organising areas. The TUC's review body on the future of British trade unionism will initially grapple with the vexed issue of single union/strike-free agreements. It may have to delay its consideration of proposals that individual unions should be allowed a clear run at organising in non-union companies, free from inter-union competition.

But TUC leaders are insistent that the idea - put forward by Mr Norman Willis in advance of the review - will stay firmly on the agenda. How it has been working in the US will be a key indicator of how, if at all, it is introduced in Britain.

After about 20 months of running what the AFL-CIO, the US equivalent of the TUC, calls its Organising Responsibilities Procedure (ORP), all sides involved are agreed on one substantive point: it is working, and working well.

Mr Thomas Donohue, AFL-CIO secretary-treasurer, says: "We have reduced, and - we hope - eliminated the wasteful rivalry through which our unions sometimes carried out each other's organising efforts."

The pressures on US unions to introduce ORP parallel the pressures on British unions: the revitalised emphasis on recruitment, driven by membership loss and fierce competition between unions.

An AFL-CIO executive report proposing ORP said:"The renewed dedication of the labor movement to organising has created situations in which unions increasingly are in competition with one another to organise the same group of workers."

**MR FRED JARVIS, last year's TUC chairman, yesterday acknowledged the debt owed by unions in the UK to ideas now being tried by American unions, especially those on union organisation.**

**Speaking in Miami Beach to the biennial convention of the AFL-CIO, the US equivalent of the TUC, Mr Jarvis, general secretary of the National Union of Teachers, said the TUC's review of trade unionism in many ways paralleled a similar exercise carried out by unions in the US two years ago.**

**He said British unions were carefully studying the continuing findings of the US review.**

**Commenting on a number of initiatives now being taken in the UK, he said:"I fully acknowledge our sources and our indebtedness to you." He particularly mentioned such issues as the US unions' new large-scale communications campaign and its procedures for special organising areas.**

To counter this competition, the AFL-CIO's key Evolution of Work committee drew both from informal local arrangements and the organisation's own longstanding Article 20 procedures for resolving inter-union disputes to come up with ORP.

When a union which wants to try to recruit in and be recognised by a non-union company finds that another union is making the same moves, it files a complaint with the AFL-CIO, which then seeks to resolve it in a variety of ways.

Since the procedure came into operation in February last year it has dealt with 29 cases. For technical reasons, three were transferred to the Article 20 procedures – the AFL-CIO's equivalent of the TUC's formal procedures for settling inter-union recognition disputes.

Of the others, 14 have been settled by mediation, which the unions regard as the most important part of the process, since they feel that solutions reached voluntarily are most likely to lead to organising success.

All cases have to go to mediation unless Mr Lane Kirkland, AFL-CIO president, decides that they should proceed straight to the next stage.

This is an ORP arbitration hearing in front of one of two experienced umpires. Evidence is heard from the competing unions in open session, and judgment is made on the basis of such factors as the number of members a union has already recruited in the company, and the level of the campaign it is mounting. Which union the company prefers is not considered.

Of the 11 arbitration decisions, four concluded that no decision was appropriate, allowing all the unions involved to carry on organising, and seven resulted in a single union being granted a year's unobstructed opportunity to organise – exactly the period being suggested by the TUC in the UK.

All the umpires' awards have been accepted by the parties and in no case has the AFL-CIO had to start proceedings for non-compliance. If a union failed to comply, it would lose the protection of the proceedings, and so effectively would see all new organising rights go by default to other unions.

The most recent case dealt with by ORP was at Coors, the beer company, which in August agreed to unionisation. This persuaded the AFL-CIO to drop a boycott of the company's products instituted in 1977 after the company refused a wage contract for workers who went on strike.

Three unions - the auto and steel workers, and the machinists - competed, and the case went quickly through ORP.

The umpire decided in favour of the machinists, who are now organising rapidly in the plant. The other unions accepted it: "Now that the decision is made," said Mr Lynn Williams, president of the steelworkers, "the responsibility to organise rests with the machinists, and we will do all that is possible to support them in that effort."

The AFL-CIO believes that ORP has made unions more selective in picking out organising targets and more careful about calculating whether such targets are genuinely winnable.

The emphasis of the procedure is on speed, in order not to be outpaced by events at the company concerned. Unions are discouraged from using lawyers to present their cases.

So satisfied are the unions with ORP that the procedure was formally adopted yesterday as part of the AFL-CIO's constitution at its Miami convention.

US union leaders dismiss as luxuries the reservations of some trade union leaders in the UK about a similar scheme in Britain and say there are signs of similar organisational problems emerging in Britain.

"There are so many parallels between what's happening in the US and the UK," says Mr Alan Kistler, one of the ORP mediators. "I don't see any reason why unions in Britain shouldn't look at what we've done - and take it up there."

# IPCS to break pay link

By Jimmy Burns, Labour Staff

LEADERS of the Institution of Professional Civil Servants and the Civil Aviation Authority have agreed to break with the Civil Service pay link to pave the way for a radical pay and conditions package.

The union said yesterday that it would recommend breaking with the pay link in a national ballot of its 3,000 members within the CAA at the end of next month.

The move was welcomed yesterday by the CAA which is anxious to implement the new pay and conditions package as part of its efforts to meet the pressures of a substantial increase in air traffic.

The CAA sees the severance of the pay link - a course already taken by organisations like British Nuclear Fuels and the BAA airports - as crucial to its plans to improve productivity and efficiency.

Employee disatisfaction with pay and conditions in the face of a record number of aircraft movements and reports of near-misses led to an overtime ban by air traffic control engineers in September.

Union leaders reached agreement with the CAA after the authority gave assurances that pay settlements in 1988 would be underpinned and would in effect improve upon those agreed in the Civil Service.

The CAA resisted union demands for the right to unilateral arbitration in the event of a breakdown in negotiations. Instead the two sides agreed to the setting up of a jointly selected arbitration panel, chaired by officials of Acas, the conciliation service.

The agreed package, conditional on a severance of the Civil Service pay link, will mean pay increases ranging from 11 per cent to 41 per cent for the seven main groups of CAA employees, backdated to April 1.

The introduction of more flexible working hours and regrading is expected to help staff face the additional pressures of working in the busiest airports at peak times.

# Fears over public sector pay

By Our Labour Correspondent

UNIONS representing public sector workers were yesterday alarmed that the Government may be budgeting only 4 per cent for pay rises in 1988-89.

The figure emerged from the Education Department on Tuesday when the interim advisory committee on the teachers' pay in England and Wales was set a strict limit of £330m for all pay rises, assuming a general level of increase of 4 per cent.

The Government has in recent years ceased its former practice of declaring a percentage pay factor for the public sector. Unions and other interested parties have assessed a figure from the annual autumn financial statement.

The Treasury argues that this can be flawed as other costs have in practice been squeezed to allow pay rises above the crude percentage increase in departmental running costs.

A figure of 4 per cent would compare unfavourably with the rise in average earnings, at present running at 7.75 per cent. A study published this week by Phillips & Drew, the City securities house, predicted that this would rise to 8 per cent over the next few months.

Teachers' unions yesterday continued to react angrily to the pay limit and to the green paper proposals, published simultaneously, which would in effect give the Government control over new pay machinery for teachers.

The National Union of Teachers, the biggest union, appeared to back away from early disruptive action, however. Mr Doug McAvoy, the union's deputy general secretary, said it would be premature to contemplate action before the advisory committee made recommendations. ● Ambulance officers were yesterday made a "final" pay offer of 5 per cent, giving a a main salary rate of £9,576. The officers say they need 8.2 per cent to maintain the parity with firefighters which they were given last year.

# Open-cast miners to seek profit-sharing

BY CHARLES LEADBEATER, LABOUR STAFF

WORKERS in the open-cast coal industry are to press for profit sharing, the Transport and General Workers' Union, the largest union in the industry, said yesterday.

The move follows a TGWU national delegate conference earlier this week called to discuss the union's concerns over pay, redundancy, safety and security of employment within the industry.

British Coal licences private sector civil engineering contractors to mine coal at open-cast sites. The corporation last year made profits of about £243m from open-cast production of about 13m tonnes, from sites mainly in South Wales, Scotland, the north east and Cumbria. About 5,000 of the industry's 7,000 workers are TGWU members.

Mr George Henderson, union national official for the open-cast industry, is to approach British Coal and the Federation of Civil Engineering Contractors for a tripartite meeting to discuss the possibility of introducing some kind of profit sharing scheme.

He said: "The vast profits made from the open-cast workers' production should be shared. Payments to operatives, managers, and white collar staff should be made at least twice a year."

The national delegate conference was called after a one-day strike in Wales in August by 1,000 workers at six sites. Mr Henderson said areas pressing for more extensive industrial action had agreed to allow time for talks aimed at settling a range of disputes within the industry, including safety standards, security of employment for workers with companies whose licenses expire and improved redundacy terms.

British Coal has told the mining unions that it is to seek 700 redundancies at two pits in North Derbyshire, Markham colliery and Shirebrook.

The plan was announced in July but the corporation has this week begun seeking voluntary redundancies.

The the last face at the 113-year-old Ireland colliery, part of the Markham complex, will cease production on Friday with the loss of about 400 jobs. This will cut employment at the pit to 1,700 from 2,400 in July. About 300 jobs went at Markham earlier this year as part of a general rationalisation

The corporation wants about 300 redundancies at Shirebrook colliery. It said this was to make way for men to be tansferred from Arkright colliery, which is due to close early next year.

# Government rejects plans for cultural diplomacy

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE GOVERNMENT yesterday rejected recommendations made in July by the Commons foreign affairs committee that more funds be made available to promote British culture overseas and that a separate budget for cultural diplomacy be established.

The government's formal response to the committee's report immediately provoked a storm of protest at the British Council, the main agency for promoting British cultural activities abroad.

Although the council's on-the-record statement confined itself to a terse rejection of the government's arguments, some of its officials did not hesitate to describe the response as "complacent, contradictory and hypocritical."

The British Council was particularly incensed by the government's statement that no valid distinction could be made between cultural diplomacy and other forms of diplomacy. Referring to the committee's suggestion that a higher percentage of funds should be devoted to cultural as opposed to other forms of diplomacy, the government replied: "There is room for endless argument about definitions."

"What is not certain is that changing them will in any way change the mix of activities that we need to engage to secure our diplomatic objectives. It is very difficult, given the integrated effort of our missions overseas, to separate out from one moment to another precisely what proportion of their activity is cultural as opposed to political, economic, commercial."

Replying to the committee's recommendation that more money should be devoted to cultural diplomacy and particularly to the arts, the government emphasised that decisions on the allocation of resources had to be taken within the framework of its overall policy that public expenditure should not rise as a proportion of GNP. They also had to bear in mind that the government believed that private enterprise should play a greater part in the promotion of arts, both at home and abroad.

The government had to decide what would suffer if a higher proportion of the Foreign and Commonwealth Office vote were devoted to cultural activities.

"We are not convinced that we should spend less on protecting British subjects overseas, less on promoting exports, or less on promoting and defending Britain's commercial, political and strategic interests."

In a statement issued yesterday, the British Council said the government's commitment to cultural diplomacy was difficult to reconcile with the continuing decline in the value of the grant which funds the council's work in countries of political importance to Britain including Eastern Europe.

In real terms, the £75m grant for 1987-88 was already £20m or 23 per cent lower than it was in 1979. If current policies on public expenditure continued, the government's grant would fall in real terms by a further 12 per cent between 1987-88 and 1991-92 and the council was planning radical measures to save another £10m.

"This will mean cutting whole areas of activity, further distorting the balance of the council's work between developed and developing countries and reducing Britain's long-term influence abroad."

# Journalist is 'protected by law'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A FINANCIAL journalist who refused to tell Department of Trade inspectors the sources on which he based two newspaper articles was protected by the 1981 *Contempt of Court Act*, five Law Lords were told yesterday.

Mr Sydney Kentridge, QC, for Mr Jeremy Warner, business correspondent of The Independent, said the act contained a clear statement by Parliament that the confidentiality of a newspaper's sources was protected as a recognised public interest.

Section 10 of the act stated: "No court may require a person to disclose the source of information" unless such disclosure was "necessary for the prevention of crime."

That, said Mr Kentridge, directly applied to Mr Warner. The inspectors were investigating a suspected insider dealing ring but there was no evidence that any information he possessed would prevent the crime of insider dealing. Furthermore, the inspectors had yet to establish any such crime had been committed.

Mr Warner is appealing against the Court of Appeal's ruling in May that he must tell the inspectors, Mr John Lindsay, QC, and Mr Peter Crozier, the *sources of information on* which he based two articles about takeover bids.

If his appeal fails and he maintains his refusal, Mr Warner could be jailed or fined.

The inspectors were appointed last year to investigate suspicions that civil servants in the DTI, the Office of Fair Trading or the Monopolies and Mergers Commission were leaking price sensitive information to one or more insider dealing rings. They believe Mr Warner may have received information from a member of one of the rings.

Mr Warner has contended that he has a professional right and obligation as a journalist to maintain the confidentiality of his sources.

The appeal judges decided Mr Warner did not have a "reasonable excuse" under the 1986 Financial Services Act for not answering the inspectors' questions. The 1986 Act gives the court the power to punish anybody refusing to co-operate with inspectors as if they were in contempt of court.

Mr Kentridge challenged the Court of Appeal's view that section 10 of the Contempt of Court Act did not directly apply because the DTI inspectors were not a court. The Appeal Court itself, he said, had required disclosure "on pain of punishment," accepting the inspectors' opinion, unsupported by evidence, that Mr Warner's information was necessary for the prevention of crime.

The inspectors had not told the court what evidence they relied on, the scale of the activity, the persons involved and their connection, if any, with Mr Warner.

Nor had they indicated that the rings they had been investigating had any dealings in the companies about which Mr Warner had written or that their dealings had any relation to the two takeover bids, Mr Kentridge said.

# Accounting firms start company sale service

By Richard Waters

**AN ELECTRONIC database of companies for sale was launched yesterday by a group of 15 large accounting firms, signalling a growing involvement by accountants in mergers and acquisitions.**

**The development will not pitch the firms into direct competition with merchant banks, the established leaders of the market, as only companies with a value of between £500,000 and £10m will be featured on the database, well below the interest of the banks.**

**Mr Ian McIsaac, a partner with Touche Ross, said the database, known as the Accountants' Business Network, could create a large new business for accountants. Around 1,200 private companies were sold last year, with a total value of £5bn, he said. Few of these deals are believed to involve professional advisers.**

**The expected decline in mergers and acquisitions business following the stock market crash will not threaten the network, say its founders. "The number of private company sales is relatively immune from the gyrations of the stock market. On the whole, they are done for cash," Mr McIsaac said.**

**During a year-long trial, the network has led to the sale of 18 companies. The database, which currently contains 45 companies, is expected to give details of 100 within a year. Companies are taken off if they are unsold after six months.**

**Divestment by large companies is expected to be one of the main sources of business for the network. The 15 firms claim to audit 80 per cent of the top 1,000 British companies, giving them access to large companies seeking to focus on their core activities.**

**Only members of the group will be able to use the database. Mr Richard Agutter, a partner with Peat Marwick McLintock, said this would allow the firms to control the quality of companies for sale and ensure that entries were from genuine sellers.**

**The accountants will not charge clients for appearing on the system but expect to collect fees from putting together financial reports on vendors, negotiating deals and advising on areas such as tax.**

# Shift towards electronic networks

BY ALAN CANE

FT
CONFERENCE
PROFESSIONAL PERSONAL COMPUTERS

STAND-ALONE personal computers are giving way in big corporations to integrated workstations, powerful machines tied together in networks to serve groups of workers with common aims and objectives.

**Mr Geoffrey Shingles**, the UK managing director of Digital Equipment Corporation, told the final day of the fifth Financial Times professional personal computer conference that these work group systems were made possible by local area networks and low-cost but fast and reliable methods of linking personal computers together so that they could share information.

Companies would have to be able to accommodate change far more easily than in the past, he said. There was a move from traditional hierarchical staff structures to more open peer-to-peer environments and that would be reflected in the information flows around the organisation and in the technology used to facilitate such flows.

Giving a rare glimpse of how customers actually use personal computers, **Mr Eric Chilton**, of Barclays Bank electronic banking department, and **Mr Terrell Jones**, of American Airlines Sabre seat reservation system, emphasised the central role of computer systems in their organisations.

Mr Chilton argued that personal computers must become multi-function work-stations that could be simply connected together using internationally accepted technology standards.

Mr Jones said Sabre was now a $40m-a-year business, supporting 60,000 purpose-built terminals in travel agents' offices. The organisation was changing to personal computers because it was simple to alternate their range of functions by sending new software down the telephone lines.

Sabre was introducing "intuitive" software for the system, which would assist travel agents to select the best flight reservation.

Both Barclays and Sabre used IBM personal computers, Barclays because of IBM's reputation for service and reliability and Sabre because the systems are given free to travel agents.

The conference was dominated by a mood of foreboding that IBM, the undoubted leader in personal computers, was about to announce new products in its innovatory PS/2 range. These could damage competitors building "clones" or near-copies of its machines.

Yesterday it became known that IBM intends to announce what it describes as "significant new hardware and software" next Tuesday.

**Dr Geoffrey Forage**, of Arthur Young, warned that management was not yet shouldering its responsibilities over personal computer security. "Although management has increasingly been agreeing that security is vitally important, it has steadfastly avoided taking action to ensure that appropriate measures are instituted and enforced," he said.

**Dr Wilf Easton**, managing director of Oasis, a new consultancy dealing with the problems of implementing information technology strategies in commercial organisations, told the conference that computer systems, far from ushering in the "paperless office", would unlease a new torrent of paper information that would create chaos.

It was necessary to develop a balance between electronic ways of storing and managing information and individuals' need to assimilate that information in document form. "The trick is to design systens which leave choice of delivery, with powerful retrieval and tracking techniques," he said.

**Mr John Petersen**, vice-president of technology for Western Digital Corporation, argued that the cost of central processing units (microprocessors) and improvement in their performance would be driven by advances in silicon technology.

The cost of peripherals and improvements in their performance would be propelled by companies that could combine application knowledge with silicon technology.

He pointed out that the 1,218 components in a conventional IBM PC-AT could be cut to 293 using Western Digital's integrated techniques. The 128 chips in an IBM PS/2 could be cut to 30.

**Ms Brigitte Morel**, managing director of Intelligent Electronics Europe, a Dataquest subsidiary, told the conference that the personal computer market in Europe had apprently grown by 36 per cent between 1986 and 1987. Only 20 per cent of that had been real growth.

She said there was no longer one coherent personal computer market-place, but a series of markets. Manufacturers would have to decide on which area to concentrate. The principal players in Europe were IBM, with 30 per cent by value, Olivetti (9 per cent) and Apple (7 per cent).

Amstrad had a 10 per cent market share by volume, compared with IBM's 22.0 per cent, but only 2 per cent by value. Her figures suggested that the processor-chip used in the first generation IBM PC, the 8086 and 8088, had a 10-year life-span before obsolescence.

The 80286 chips now working the more powerful computers could expect to survive 15 years or more. The 32-bit 80386 chip could stay in vogue for a very long time.

**Mr Paul Helminger**, managing director of Computerland Europe, and **Mr Safi Qureshey**, president of AST Research, also spoke at the conference.

# Pearson denies Murdoch talks

PEARSON, the publishers of the Financial Times, yesterday denied it was involved in discussions on possible joint operating arrangements with Mr Rupert Murdoch's News Corporation.

Mr Richard Sarazen, financial director of News Corporation which owns just under 15 per cent of the diversified Pearson group, implied yesterday that talks were under way on possible overseas joint ventures.

"We have met and we are discussing with Pearson's management the possibility of some joint operating arrangements in the publishing side of the business," Mr Sarazen said.

Pearson said there had been no meeting between the two companies since Lord Blakenham, chairman of Pearson, met Mr Murdoch on October 1, and none was planned.

**News Corp Eurobond, Page 36**

# Cable television group to launch telephone service

BY DAVID THOMAS

APPROVAL FOR the first full telephone service to be operated by a cable television company has been given by the Office of Telecommunications, the industry's regulatory body.

Windsor Television, which has a cable television franchise covering 100,000 homes and 8,000 businesses in the Windsor and Slough area, is to launch in December a trial telephone service covering part of the Slough industrial estate.

Professor Bryan Carsberg, the Oftel director general who approved Windsor's proposal, welcomed the development as the beginning of a new pattern of competitive local telephone services in Britain.

Under existing regulations, cable television companies have to offer telephone services in conjunction with one of the network operators - British Telecom and Mercury Communications.

Windsor will be feeding telephone traffic from its customers into the Mercury network via a fibre optic link.

Mr Robin Oliphant, Windsor marketing director, said the trial, which is due to last about five months, will test engineering and marketing issues connected with the service.

Windsor is setting its telephone tariffs at about the same level as Mercury charges for customers indirectly connected to its network, although local charges will be cheaper.

Windsor intends to launch a full service in the second quarter of next year which will progressively cover the whole of its franchise area.

# Curbs on house for sale boards

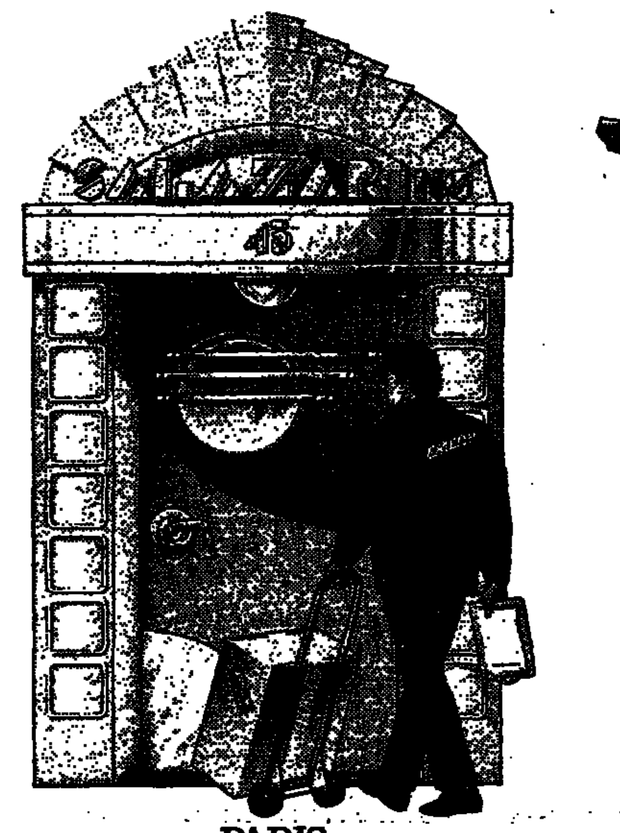
By Ralph Atkins

CURBS ON the size of estate agents' for sale boards are to be introduced by the Government. Mr William Waldegrave, Minister for Housing and Planning, said yesterday the maximum size of estate agents' signs is to be cut from 2 sq metres to 0.5 sq metres. Only one board will be allowed on each property and it must be removed once buyer and seller are legally committed to the sale.

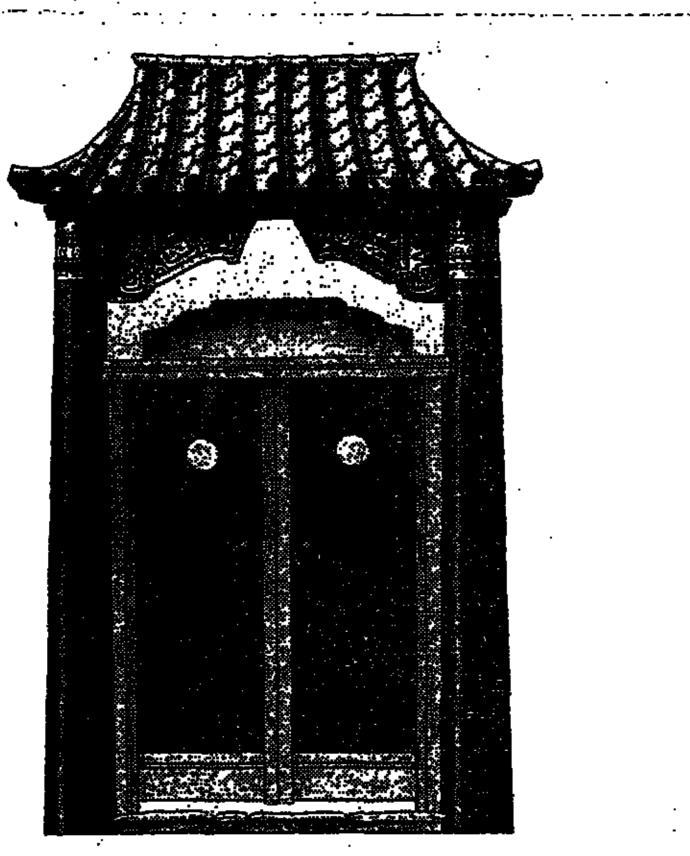
The proposals aim to simplify rules and meet demands that signs be controlled for aesthetic reasons. They take effect next October. They will stop developers advertising property by excessively large signs and proliferation of boards on properties being sold by more than one agent. The need for planning permission on other types of outdoor advertising will also end.

BRAZIL

DELHI



PARIS



CHINA

# ARTS

## Hayward Gallery/William Packer

# In the service of the state

Portrait of Ruth Rivera, 1949

The major study of the life's work of the Mexican painter and muralist, Diego Rivera, now at the Hayward Gallery (until January 10: sponsored by the Ford Motor Company), was initiated by the Detroit Institute of Arts and comes to London at the end of an extensive international tour that began in the spring of 1986. Rivera was that rare creature, an artist who lived to see himself something of a national hero; and this exhibition takes on a national dimension, for it is dedicated to the memory of the victims of the disastrous earthquake that devastated Mexico two years ago.

Almost from the moment of his return to Mexico in 1921 at the age of 35, having spent virtually all his early adult life in France and Spain, Diego Rivera chose to become a public figure in the service of the state. The long civil war in Mexico at last was over, the revolutionary government of President Obregon but lately established and comparatively secure. Throughout that extended period of bitter domestic faction, Rivera had remained in Europe, lending his ear to the several parties in exile and growing ever more sympathetic to socialist ideals and the currency of revolution. His opportunity came when he was commissioned by Jose Vasconcelos, the new minister of education, to provide new mural decorations for the "Anfiteatro Bolivar" of the "Escuela Nacional Prepatoria" in Mexico City.

So began the programme of public works in Mexico and the US, often carried through on the most impressive scale, that was to sustain him off and on to within a year or two of his death in 1957. By then he had indeed become the national hero, and given a hero's burial by the state to which he left the residue of his artistic estate.

Looking back over the circumstances of his peculiar career, it is hard to resist the conclusion that his final celebrity owed more to his feeling for his country than by his actual politics. The sudden impact upon him of the imagery of his native culture after such an interval abroad had a profound effect upon his formal and his more subjective imagination, whereas politically he vacillated uncertainly - in and out of the Communist Party and in again to the end: anti- cleric and declared Catholic: accepting work now from this government, now from that.

Here was the muralist who could put his name to a manifesto that declared: "We repudiate the so-called easel painting and all the art of the ultra-intellectual circles, because it is aristocratic and we glorify the expression of Monumental Art because it is a public possession;" and yet he remained the painter who would accept private portrait commissions to earn a living. He was a complex and contradictory man, all things to all men save the more purist of his immediate confreres, who denounced him as an opportunist. Clearly a hero of sorts, it was by his public works that he won his popular reputation.

With his contemporaries and irregular colleagues, David Siqueiros and Jose Orozco, he was one of the three great masters of the Mexican Muralist Movement, and of them he was *primus inter pares*. In the 1930s the direct example of their work spread north to the United States where, through the Public Works of Art Project and the succeeding Federal Art Project, it had a great influence upon a whole generation of American artists, including Thomas Hart Benton, Ben Shahn and even Jackson Pollock.

The murals, of course, must stay at home, though a single portable panel with the head of Lenin presiding is included. Otherwise photographs must serve to give something of the scale and presence of these extraordinary works that constitute the critical substance of Rivera's mature career - the heart and soul of his achievement. To do without them and yet to aspire to a full study is something of a nonsense, for film and photograph, however brilliant and effective, can never achieve the physical presence of the work of art.

But this retrospective is also a study of Diego Rivera's career as a young man: first as a precociously talented student in Mexico and in Spain during the early years of this century; and then through his early maturity as an emergent and gifted artist in the Paris of the Cubists and their multifarious followers. He travelled extensively in Europe and was evidently sensibly responsive to what he saw, being influenced not only his teachers and immediate associates in Spain and France, but even by the current Dutch and Nordic painting that he must have come across. The introductory sequence of substantial landscape paintings and compositions are evidence as much of his considerable powers of critical assimilation as of his natural powers as an artist.

But it is back in Paris from 1913 with Picasso, Braque and Gris, Matisse, Modigliani, Delaunay, Leger and Chagall that he truly comes to himself as an artist. And it is a thorough-going and sophisticated cubist that he does so, not merely adopting a manner or formula that others have refined, but formulating a distinctive and contrary inventiveness and wit. Deftly he reconciles pictorial conventions that are inherently contradictory, setting a fully modelled head to look over a cubist shoulder and pinning a *trompe l'oeil* note in the corner of the canvas to confound the distant cubist landscape.

Through the whole show the drawings march with the paintings, confirming at every point the strength of Rivera's vision and his technical probity. With his return to Mexico there comes an ever more insistent reference to the figure, and with it a monumentality and simplicity in the painting. And again and again it is the drawing that supplies the validation. Some of the studies of the nude are especially fine.

Altogether this is a splendid and intriguing exhibition. Rivera the muralist we already knew something of, but it is the young cubist who is the revelation.

## The Kunju Macbeth/Palladium

**Claire Armitstead**

In a dazzle of richly embroidered silks Macbeth embraces his destiny, the imprecations of his lady ringing shrilly in his ears. The witches forsake the cauldron of Western tradition for dance routines rendered all the more extraordinary by the fact that two of them do so in a perpetual crouch, their truncated, dwarf-like shapes bobbing and bowling along like familiars of the one normal-sized crone.

The Kunju Macbeth might make excursions from the story according to Shakespeare, but it does so with a scintillating confidence in the power of its own traditions, creating a spectacle that is at once intricate and magnificent.

This operatic treatment, half spoken half sung, opens with the three witches in jolly communion and ends with Macbeth borne aloft by a troupe of Samurai tumblers in a war dance that is a joyful culmination of all that has gone before.

The second of three pieces to arrive in London as part of a tour by the Shanghai Kunju Theatre jointly sponsored by Sadler's Wells and Cardiff Laboratory Theatre, suffered from a disappointingly thin house at its opening last night. But for those prepared to wait for the huge Palladium to warm up, and willing to risk cricked necks to read surtitles, the banality of which sank at one memorable moment to "three cheers, drink a toast to dynastic tradition," it was well worth it. The programme filled in where the surtitles failed.

The emphasis of the piece falls on the epic grandeur of Macbeth's delusion and his destruction at the hand of a fate gloved in an equal but opposite force. But there is a blackness, too, that emerges most stunningly in the sleepwalking scene in which Lady Macbeth, a study of feminine guile that breaks all cultural barriers, meets her end pursued by fire-breathing ghosts of her victims, marshalled by a devilish clown.

## RPO/Festival Hall

**Paul Driver**

Its new music director Vladimir Ashkenazy conducted the Royal Philharmonic Orchestra last night in a programme of works by Sibelius, Prokofiev and Ravel, not exactly unusual repertory but unusually arranged so that we began with high intensity (Sibelius' Seventh Symphony), decreased to pungent academicism (Prokoviev's Second Violin Concerto), and ended with brimming fantasy and delight (Ravel's *Mother Goose* suite, and *Rapsodie Espagnol*).

Ashkenazy has an affinity for Sibelius - he has recorded all the symphonies. This account of the seventh was extremely persuasive: the contrapuntal lines were clear and taut even in the densest and grand passages, and the raw elements of the piece (scales, species, counterpoint *a la* Palestrina) were allowed to shine out in all their audacious splendour. The highly original tempo changes were negotiated with masterful ease; the compression and brevity of the structure (a symphony in one movement) were triumphantly demonstrated to be the merest outcome of immensely weighty musical utterance; and one's visual sense of the music could well be expressed by the image of granite shaping itself into a building.

Ashkenazy cajoles an excellent response from his players, and one's only carp was that the woodwinds might have used a little more spit in the scherzo music. His conducting style is vigorous, eloquent, one of great finesse. He served Boris Belkin well in the accompaniments for the Prokoviev concerto. Belkin himself played with brilliant, forthright virtuosity - it's a fierce solo part and he projected it finely and with a righ tonal palette, though I felt he was on the whole forceful rather than poetic. The furious dance of the last movement suited him rather better than the Andante whose wry poetry he could not entirely capture. Nor did he tell us any new secrets about the first movement, which can easily sound like a plodding sequence of violin exercises, and did so on this occasion, just because of the occasion's brilliance.

Ashkenazy evidently has a strong affinity for Ravel also - these performances were sumptuous, lovingly detailed, and full of aplomb.

## Lettice and Lovage/Globe

**Martin Hoyle**

There are performers who lose themselves entirely in a character, unrecognisable from one role to the next, each part rounded into a whole identity. Alison Steadman is a supreme practitioner of this art. Others are recognisable as themselves but use their personalities (Dench, Ashcroft) to irradiate, expand and illumine the character they assume. And then there are those actors who try the role on for size, as they would a hat, turning it jauntily until it sets off their own unchanging *persona*, presumably to their own and their fans' satisfaction. Maggie Smith is one of these.

She gives what amounts to another revue turn in Peter Shaffer's new West End arrival. The play has some serious points to make about the ugliness of modern life, the physical barbarism of urban environments, those of us who feel increasingly isolated by computers, bank cards, phone cards and the paraphernalia of technology that attends the least action. But there is a relentless drollery about a dotty spinster, mad about history, whose mother ran a French-speaking all-girl Shakespearian company in unresponsive rural France (inevitable schoolboy jokes about "mon royaume pour un cheval"), and Miss Smith mugs, crouches, flaps hands from double-jointed wrists, voices nasal reproof or plaintively confiding glumness with increasingly tortured diphthongs, is reduced to putting on funny red whiskers and generally dispenses with any semblance of a human being.

Maggie Smith

All of which is sad, since Lettice, living for the romance of the past in her Earls Court basement with her cat (a charmingly stoical performance from Princess Felina), is a potentially touching character. But, never one to make us think when she make us chortle, Miss Smith gives us a grotesque comic caricature.

Lettice is sacked for her over-imaginative guiding in an organisation not too far removed from the National Trust. Her employer is Miss Schoen, efficient, correct and ruthless, but melting under the effect of Elizabethan possets and Earls Court into a crusading romantic. The unlikely friendship of these two yearning women culminates (as recounted in the last act to Richard Pearson's proper and incredulous solicitor) in a charge of attempted murder.

Margaret Tyzack is unwaveringly grave where her companion is flamboyant. Half-German, of an artistic background, the role has depths, hidden passions long repressed, and operates on many levels - all of which fascinating characterisation makes the clownish caperings of Miss Tyzack's colleague all the more gratingly superficial.

The play is leisurely; a long central act where the two women get to know each other, and the opening glimpses of no less than four of Lettice's country-house tours, each more elaborately embroidered than the previous one, could be pruned. Of Alan Tagg's three sets, the basement flat, with its mock-historic prop furniture, is the most successful (the stately home is impressively ambitious but the grand staircase couldn't take a crinoline, let alone an Elizabethan farthingale). John Dexter's direction does little to lessen the impression that this is a one-woman show.

## Robert Taub/Wigmore Hall

**David Murray**

Mr Taub began his recital on Tuesday with Beethoven's first piano sonata, the bold and dramatic F minor, op. 2 no. 1. He played it very clearly, accurately and delicately, as if it were minor Mozart: "dainty" was the word that sprang to mind (though there was some thick left-hand glue in mid-Allegro, and to be fair distinctly more of Beethoven's breadth and drive could be heard in the Finale). It was evidently thoughtful playing, but also consistently mannered. A recurrent trick of making a tiny, arch hesitation just before the top of a phrase became predictable, and in nearly all Taub's chosen music it regularly cut the momentum.

It was a regular nuisance in the op. 116 Fantasias of Brahms, with the quick Capriccios sounding distracted and the slow Intermezzi short-breathed. Taub's intentions were certainly better than that, but unless something extraordinary and individual is being done with this music (I remember a frantically intense Bishop-Kovacevich performance) it absolutely demands long lines and steady depths. Taub's Chopin - the op. 27 pair of nocturnes and the First Ballade - came nearer that mark, and in fact offered his most idiomatic and appealing playing of the evening; but it was placed oddly at the end of it, and by then one could pre-guess his every nuance, which rather dampened the pleasure.

In between came Skryabin: the "Poeme" that was the composer's favourite encore, here prettily enunciated in broken phrases, the usual D-sharp minor Etude (Taub proved to lack the instinct for making its rhetoric tell), and the Fifth Sonata. Presumably that work is new to the Taub repertoire, for the critical accolades for his virtuoso powers cited on the programme-sheet sat badly with a performance in which every rapid section had almost as many notes omitted as fingerslips. (A number of wrong chords elsewhere suggested plain misreading rather than passing fumbles.) The major hazard of this hallucinatory sonata-fantasy, which is that its spiral of alternating pleas and mercurial dashes may turn into mere repetitive stop-go, had no chance of being evaded, and it wasn't.

## Change of cast for 'Kiss Me Kate'

James Smillie will take over from Paul Jones and Andree Bernard from Fiona Hendley on November 9 in the RSC's production of *Kiss Me Kate*, currently running at the Old Vic until January 9 before transferring to the West End.

Nichola McAuliffe and Tim Flavin remain with the company.

## Paramour/Sadler's Wells

**Clement Crisp**

Sadler's Wells Royal Ballet has taken up residence this week in its home theatre for a brief season to show off three of the creations staged in Birmingham earlier this year ,together with some of its older treasures. Tuesday's opening brought the first London viewing of Graham Lustig's *Paramour*, which flirts with the idea of flirtation. Poulenc's double piano concerto sets a Parisian scene, and the women's long dresses - reminiscent of Patou - and the men's tail coats suggest a world of idleness and idle emotions.

The choreography explores the evanescent affections that surround two women - Marion Tait and Galina Samsova - and Mr Lustig provides a tiny sting in the tail of his narrative by ending the piece on an unexpected coupling. The ballet does not aim, I suppose, to do more than amuse the palate and in this is it successful. It is well done by its cast; the Nadine Baylis designs are gently evocative; the atmosphere is faintly perfumed; the sum effect is slight, but cleverly sustained.

The remaining three works in the evening are examples of Ashton's supreme craft in making dances whose physical precision is matched by perfectly judged nuances of dramatic action. Last year's restoration of *Valses nobles et sentimentales* brought back a small masterpiece from the limbo of dancers' memories. The delicate interplay of glances and encounters among its group of young people is achieved with an economy of means that speaks of the highest art.

The clear textures of Ravel's waltzes find an exact reflection in the clean lines of the dance; the tender sentiment displayed is precisely that implicit in the music's elegant structure, and in the marvel of Sophie Fedorovich's claret-coloured costumes and setting, where gauzy screens and the shadow of palms evoke a magical ballroom. In an ideal world the cast would be still fresh from school - this is a ballet about first adolescent passions - but the present incumbents of the roles do well by their tender and loving inventions, and we smile with pleasure at what they show us.

So we do at the buoyant caperings and courtly manners of *Capriol Suite* which benefited from joyous performance last night. Nimble feet, bouncing steps, hints of sincerity as lovers protest their devotion, all are part of an irresistibly happy work. And, with its enduring mockery of the dance forms of the 30s, *Facade* sends us home happy. I like very much Alain Dubreuil's world-weary and tango-fatigued Dago, coping with the eager vacuity of Galina Samsova's Debutante: after more than half a century the jokes are still fun. Ashton's craftsmanship marvellously endures.

# Arts Guide

October 23-29

### Exhibitions

#### LONDON

**The Tate Gallery.** Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

#### PARIS

**Five Centuries of Spanish Art:** An ambitious ensemble of four exhibitions retraces the history of Spanish art from the Golden Age to today. The two most important exhibitions are Greco To Picasso at the Petit Palais and Picasso's Century at the Musee d'Art Moderne.

In the Petit Palais is Greco with a vast visionary Baptism of Christ, Velazquez with a portrait of Philippe IV in his hunting clothes, and Goya with a portrait of Marie-Louise in a black-lace mantilla.

Picasso's Century is dominated by the master, from the period of analytic cubism to 20 preparatory sketches for Guernica and to his last works. But there is also Juan Gris, and Miro, Dali and Tapies. Petit Palais, Ave Winston Churchill; Musee d'Art Moderne de la Ville de Paris, Ave President Wilson. Both exhibitions are closed on Mondays and both end on Jan 3.

**Fragonard:** The Grand Palais is staging the first retrospective of Fragonard in collaboration with the Metropolitan Museum, New York. About 100 paintings and as many drawings celebrate the artist's love of beauty, in which he saw a manifestation of "nature's perfect health". The depth of observation in his Roman landscapes, mythological scenes and portraits counterbalances the decorative facility of the Scenes Galantes so typical of the 18th century. Grand Palais. Ends Jan 4.

**Artcurial** presents a panorama of 12 years of its activities in favour of contemporary art as a gallery, a library and as an editor of "multiple originals" of statues and jewels, contemporary furniture, Sonia Delaunay's personal dinner plates and a 1930 carpet. The gallery's exhibitions have tried to present the image of the 20th century. Sonia Delaunay was followed by Giorgio de Chirico, Zadkine's retrospective by Man Ray photographs. There was sculpture by Chadwick and the art of the poster by Matisse. All culminated in a homage to the late President Pompidou - like Artcurial, a lover of the avant-garde. Artcurial, 9 Ave Matignon (42991616). Ends Nov 14.

#### WEST GERMANY

**Bonn,** Rheinisches Landesmuseum, Colmantstrasse 14-16: Sculpture from the German Democratic Republic (East Germany). A result of the cultural agreement of May 1986 between East and West Germany, this exhibition includes 180 sculptures, some of them larger than life, and about 60 paintings of sculptures by 51 artists, and covers four decades. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Stotzer, Hermann Glockner, Waldeman and Sabine Grzimek, Ingeborg Hunzinger and Franziska Lobeck. The show will be in Bonn until October 18 and then to Munich (Staatsgalerie moderner Kunst, Nov 5 - Jan 3) and Mannheim (Stadtische Kunsthalle, Jan 23 - Feb 21).

**Hildesheim,** Roemer- und Pfelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America - the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3,000-year-old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Nov 29.

#### SPAIN

**Barcelona:** "Leonardo da Vinci. Nature Studies" Fifty drawings on loan by the Royal Library at Windsor Castle, shown recently at the Metropolitan Museum, Stockholm and Tokyo. Centro Cultural La Caixa, Paseo de San Juan 108. Ends Nov 8.

**Madrid:** "Beuys, Klein and Rothko. Transformation and Prophecy". Centro Cultural de la Caixa, Serrano 60. Ends Nov 8.

**Madrid:** "Ouka Lele 1977-1987". A retrospective of Madrid's "movida" photographer with her colouring effects, shows her latest controversial piece "cibeles" requested by Madrid's town hall, halting the capital city's main square and causing a tremendous traffic jam last summer. Museo Espanol de Arte Contemporaneo, Avda Juan de Herrera. Ends Nov 3.

**Madrid:** "Mark Rothko 1903-1970". Fundacion Juan March, Castello 77. Ends Jan 3.

**Madrid:** "Mies van der Rohe". Sala Mopu, Nuevos Ministerios. Ends Nov 1.

#### NEW YORK

**Metropolitan Museum:** 300 objects from the Age of Sultan Suleyman the Magnificent demonstrate the wealth and skills at the high point of the Ottoman empire in the sixteenth century. Ends Jan 17.

**Center for African Art:** Angles on African Art features 10 co-curators, ranging from an African tribesman to collector David Rockefeller, each of whom chose 10 of their favourite pieces, making a well-rounded and diverse show. Other curators are writer James Baldwin, artists Nancy Graves and Romare Bearden and curator William Rubin. Ends Jan 3.

#### CHICAGO

**Art Institute:** Walker Evans photographs of the 1930s showing poverty and despair in the American South were famous in their time in Life magazine and preserved in James Agee's moving book, Let Us Now Praise Famous Men. This exhibit is a reminder at a time of renewed despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov 8.

#### WASHINGTON

**National Gallery:** A Century of Modern Sculputre, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.



## Saleroom/Antony Thorncroft

# Arlott's other passion

As well as cricket and wine John Arlott has one other passion - books with aquatint illustrations, especially of the period between 1775 and 1830. Indeed he had probably the most extensive group gathered together. His collection came under the hammer at Christie's yesterday and brought him £168,927.

The top price was the £13.200 paid by John Mitchell, the London dealer, for "A voyage around Great Britain" by William Daniell and Richard Ayton, with 308 hand coloured aquatint views, published betwen 1815 and 1825. It is regarded as the most importanmt colour plate book on British topgraphy, but the price was near the lower end of the estimate. Some views of Wales by Paul Sandby went for £5.500, over double the estimate, and Pyne's "History of the Royal residences," with a hundred plates, published in 1819, sold for the same sum.

Christie's also carried on selling Japanese works of art. They totalled £575,971 in the morning session with 13 per cent unsold. A US collector paid £33,000 for a Ko-Imari model of a seated karashishi, of the late 17th century, and a model of a roistering Dutchman, astride a gin barrel, doubled its estimate at £30,800. Such caricatures of the Dutch were a favourite theme of Japanese artists in the 17th and 18th centuries.

In New York on Tuesday Christie's was getting good prices for English silver, the collection of Mrs R.M.Robertson of Cambridge, Ontario, bringing in $634,040, with only 5 per cent unsold. A William III silver gilt ewer made by David Willaume in London in 1700 sold for $85,800 and a pair of George II sauceboats by Gerorge Wickens, London, 1731, doubled esrtimate at $77,000.In a general sale a George II fish slice from the Anson service by the famed Paul de Lamerie fetched $82,500.

A rare Gothic ceremonial arrow head made in Bohemia in the mid 15th century but unearthed a few years ago in a garden in South Africa sold for £9,350 at Sotheby's yesterday. They were carried as a badge of office by Captains of Bohemian mercenaries in the 15th centuruy: it is unlikely that they were ever fired from a crossbow. The price was just above forecast. A rare Forsyth patent seven barrelled percussion rifle of around 1828, made in London, sold fpor £5,500 in the same auction of arms and armour, which totalled £127,809 with over 14 per cent bought in.

Also at Sotheby's there was an Old Masters auction which made £681,615 in the morning session with a fairly high 21 per cent unsold. The highest price was the £37,400 paid for a still life of game, fruit, vegetables, etc accredited to the studio of Frans Snyders. "The penitent Magdalen" attributed to Guido Cagnacci,sold for £35,200 way above its estimate. This usually means that the buyer thinks that he can prove the picture was in the hand of the master.

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Thursday October 29

# Exchange rate reform

ARE THE authorities of the Group of Seven countries secret supporters of freely floating exchange rates? From their rhetoric one would have to judge this unlikely, but it is difficult to think of any good alternative explanation for some of the behaviour of the major countries.

The Louvre Accord system of discretionary exchange rate management now appears to offer the worst of both worlds. It has neither the clear commitment and credibility of a formal system of exchange rate management nor the relative flexibility and lack of direct international political conflict over exchange rates of a system of floating exchange rates.

## The choice

It is essential either to go forward to a more formal system or backward to a system of floating rates. Furthermore, the choice must be made rather soon since, otherwise, the markets are likely to take over. Until this week, success in stabilizing exchange rates appears to have intimidated the markets, since exchange rates have been standing relatively still, while equities and bonds have been shooting up and then down (or vice versa). There is, therefore, a fund of credibility on which to draw. It would be wrong to waste that credibility, but it would be equally wrong to assume that it will always be there.

The present pattern of exchange rates does not appear sustainable. It has been associated with too slow an adjustment in the US current account deficit, which looks like being at least as large in 1987 as in 1986. Given also that the politically acceptable differential in interest rates between the US, on the one hand, and Japan and West Germany, on the other hand, is modest, voluntary private finance of the deficit is likely to remain inadequate. Finally, pronouncements from both the Bank of Japan and the Bundesbank in the months of September and October have made it clear that open-ended intervention in support of the dollar is also out of the question.

Much of the uncertainty that is bedevilling financial markets reflects both the knowledge that something has to give and the difficulty of predicting what. The public arguments between Mr Baker and the West German authorities, which will always be remembered as the proximate cause of the "crash of 1987" illustrate the nature of that uncertainty. Both agreed on the desirability of exchange rate stability but each was unwilling, or politically unable, to bear the domestic cost of ensuring such stability.

Furthermore, the very imprecision of the Louvre Accord has made it too easy for all parties to blame the others for misbehaviour. Worse still, in the absence of a formal system for deciding when and how to adjust exchange rates, there is little likelihood that everyone will agree to such adjustment at the same time. Vigorous and unsettling public disagreement is inevitable.

The principal consequence of the lack of a mechanism for ensuring timely change in rates of exchange, apart from the all-too-public arguments, has been a reiterated commitment to the desirability of stability. This merely recalls the well-known problem from the days of Bretton Woods that any exchange rate adjustment in a system of managed rates tends to make governments look either deceitful or foolish since a principal means of preventing that adjustment has been repeated prior statements that it is unnecessary.

## Private capital

Two conclusions need to be drawn. The first is that a managed adjustment of the dollar is probably both inevitable and desirable. Events of the last two weeks have made it more likely that macroeconomic conditions in the US will facilitate current account adjustment following depreciation of the exchange rate. Furthermore, it is much less likely that a monetary policy will (or should) be pursued which will encourage inward flows of private capital in the required scale.

The second and equally important lesson is that a system of managed exchange rates, if it is to work in the long term, requires explicit rules. Most important, those rules must include provision for progressive adjustment in the face of disequilibria. With such provisions, the changes that will be required from time to time will strengthen, not undermine, the credibility of the system as a whole. The disputes of the last weeks and the perception that the authorities have failed which is all too likely to follow can only bring the system of exchange rate management into disrepute.

# Perversities of housing policy

IF THE Thatcher Government presses on with its plan to replace domestic rates by a poll tax, it will be responsible for a very serious fiscal error. The problem is not merely that the proposed community charge defies all the canons of efficient and fair taxation. It is that the abolition of the only tax that is linked to property values will exacerbate existing, deep-seated distortions in the housing market. It is a major criticism of the Government that, intent on altering the dynamics of local authority politics, it has failed to consider the wider economic implications of the poll tax.

The man in the street, understandably, will baulk at paying tax merely because he exists. He will never be convinced that it is just to tax the millionaire in a mansion at the same rate as a pauper in a garret. After all, even the conservative supply-siders who urge the scrapping of progressive income taxes accept that tax liabilities should be at least proportional to incomes. Yet the Thatcher Government is ruling that the only tax levied on people by local authorities should bear no relation to income, wealth or any measure of resources.

The issue of fairness is intimately linked with that of compliance. Ministers seriously underestimate the expense of collection. Houses cannot get up and walk; people can and will. It will be difficult to keep accurate tabs on the movements of young and low paid adults. Evasion will be rife. Moreover, any effort to mitigate the unfairness of the poll tax by giving rebates to the poor is bound significantly to worsen the poverty trap : as the rebate is withdrawn, work incentives will be further impaired.

## Interest relief

The alleged inequity of domestic rates is, by contrast, less significant. If a little old lady lives alone in a large expensive house, it is not unfair to tax her as heavily as a larger household. The house represents wealth which she chooses not to realise. If she lacks the cash flow to meet rate demands, she should move to smaller accommodation and buy an annuity. Taxes linked to property values are a useful supplement to taxes on income and consumption. By relatively penalising individuals who opt for excessively lavish accommodation, they help promote a socially efficient distribution of a finite housing stock.

The wider economic consequences of abolishing rates would be damaging. The British housing market is already chronically distorted by artificial incentives for home ownership. Mortgage interest relief and the failure to tax capital gains on main residences have increased the attractiveness of housing relative to other assets. This must have contributed to the wild inflation of house prices, not least in London and the South East. Since the servicing of home loans is by far the largest consumption item in the budgets of almost everybody under the age of 40, this great inflation has fuelled wage increases.

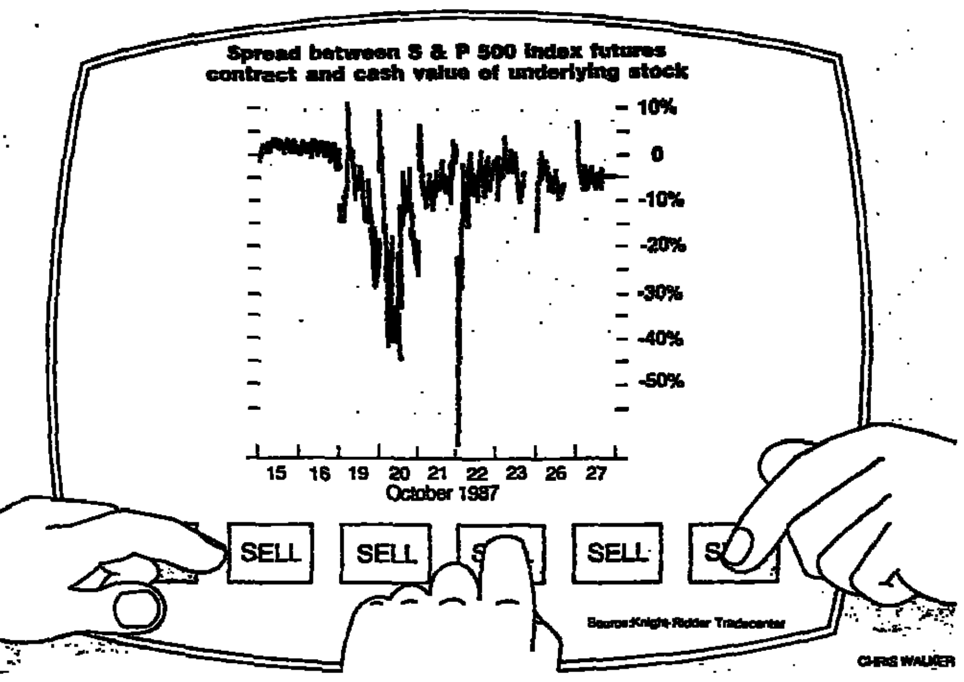
## Property values

It is surely foolish for the Government to seek now to increase the artificial incentives for home ownership by abolishing the only tax that bears on property values. Rather than scrapping rates, ministers should be seeking a more efficient means of taxing residential property. There are several possibilities. The most attractive would appear to be a broadening of the definition of income tax to incorporate an imputed rent based on the current capital values of private dwellings. This is not an academic pipe dream. As Mr John Muellbauer of Nuffield College, Oxford argues in the latest Lloyds Bank Review, a computerised Inland Revenue ought to be capable of updating indices of local property values and of supplying local authorities with the appropriate tax codes of homeowners in their district.

The Government needs to face three facts : first, that community charge is an unacceptable form of taxation; second, that some tax on property values is highly desirable; and third, that viable alternatives to rates do exist. Given these realities, it is irrational to push ahead with the deeply unpopular poll tax. If it is essential to "discipline" local authorities, an economically efficient means of doing so must be found.

Computerised trading has been blamed for wild market swings. **James Buchan** and **Deborah Hargreaves** report

# A program for distress




ON WALL STREET last week the machines ran out of control. "You can deal with human beings but not with machines," says Mr John Lyden, a weary man who made markets in stocks during last week's collapse in prices on the New York Stock Exchange. "You can negotiate with floor brokers but program traders just keep hitting the button, pumping out orders."

All over America, computerised trading by professional fund managers is being blamed for the panic that ruined many small investors. The Securities and Exchange Commission is investigating how the New York stock market and the Chicago futures markets combined to produce the sickening market swings of the past 10 days. Mr Edward Markey, Democratic Congressman from Massachusetts, is holding a hearing.

The word is of legislation or even an outright ban on computer-based trading through the futures market.

"The head of steam isn't building; it's blowing out," says Mr Steven Wunsch, a specialist in devising computerised programs at the Wall Street firm of Kidder Peabody. "We are concerned that the regulators might get carried away," says Mr Karsten Mahlman, chairman of the Board of Trade, one of Chicago's futures exchanges.

The Chicago pits are under constant fire from New York as well. For the old-line investment community, Chicago has debased the nation's infinitely varied industrial equity into just another commodity, as volatile as pork bellies. The brawling hog butcher of the world has turned stock butcher and New York wants nothing to do with it. Mr John Phelan, chairman of the New York Stock Exchange, has imposed a de facto ban on program traders by denying their computers access to an automatic execution system at the exchange.

Though badly rattled by the charges, Chicago is giving as good as it gets. Futures traders taunt the New York exchange - and its specialist market-makers - for losing their nerve and pulling the plug when the going got tough last week. They say it is New York's market-making system that needs reforming, because stocks continued to swing wildly after Mr Phelan's ban. Even late last week, the IBM specialist could not match the overnight orders for his stock without long delay. "The most volatile trading occurred when program trading was non-existent because it's been banned," claims Mr Robert Gordon, a futures trader and president of Twenty-First Securities.

Beneath the wild accusations, there is one horrible reality: just before noon on Tuesday, October 20, the two markets came close to destroying each other. The question is whether the very force of the clash will wear down each market's dangerous hard edges, as some academics and market people think, or whether there must be new regulation to teach the two markets to live together.

Program trading embraces two main investment strategies, one aggressive and one defensive. The first, known as index arbitrage, is designed to exploit the occasional price differences between two versions of the same thing: the stocks making up a given investment basket - usually Standard & Poor's 500 industrial stocks - and a highly leveraged dependent security, known as an index future and introduced in 1982.

Because the two markets do not always move in tandem, mathematicians (known as 'rocket scientists') at such big Wall Street houses as Salomon Brothers or Morgan Stanley have devised computer programs to spot the anomalies and shift from one market to the other for a risk-free gain. Heavy competition has reduced these anomalies or spreads almost to nothing, so huge sums have to be invested for a worthwhile profit: the underlying dollar volume in the futures market vastly exceeds that of the stock market itself.

What went wrong was not too much, but too little index arbitrage. On the Thursday and Friday before the crash, the index arbitrageurs were doing a fairly good job in keeping the markets moving calmly together - as the orderly cardiogram for the two days shows. The stock market was falling fast so that large - 6 per cent - spreads were opening up with the futures market. The arbs were making good money. Nobody was panicking. But on Monday, October 19, the futures market suffered a heart attack and there was nothing index arbitrage could do to help.

Futures prices collapsed because of a second and more controversial computer strategy, known as portfolio insurance. This strategy, devised by the rocket scientists, was introduced in 1985 and rapidly caught on: between $60bn and $90bn in institutional stock portfolios were insured before the crash.

One insurance policy works like this. The best way to hedge a falling stock market is to sell stocks, but that is expensive in brokers' commissions. The rocket scientists told fund managers they could hedge their basket of stocks more cheaply by selling index futures at computer-devised trigger points. If stocks fall further, you buy the future back more cheaply and the profit on the future makes up for the loss on the stock. Stocks fall again, you sell more futures and so on.

Unfortunately, like certain hedging strategies in the fixed-income market which caused big losses on Wall Street this year, portfolio insurance had never been tested in a bear market. Last week was the test, and portfolio insurance failed. "It doesn't work nearly as well as people thought," says Professor Burton Malkiel of Yale.

The mathematicians overlooked one problem: each sale must have a buyer, and two Mondays ago there was none. When the stock market dived, a wave of futures sales hit the Chicago market. "The institutions were dumping contracts in the market," says Mr Barry Haigh, a Chicago "local" or independent trader. "They were looking to the big locals to take the other side of the trade. But nobody wants to stand in the way of a freight train."

With the locals too weakly capitalised to take the contracts, only the index arbs were left - and they had shot their bolt on Friday. "Some locals in the pit were very upset because the program traders didn't turn up," Mr Haigh says. "Locals were shouting: 'Where're the bids?'" Arbs apparently did buy in when the future was at a 20 per cent discount, but they pushed the button on stock sale programs, causing further falls in the New York market and yet more disastrous futures sales by the insurers.

By late Monday, the Chicago market was half-deserted. Traders came back on Tuesday but they were soon driven off, though the market was formally closed for only an hour.

Portfolio insurance did the opposite of what was intended. "It leads to volatility because people sell more on the way down," says Prof Malkiel. The false security it provided may also have made institutions too reckless during the stock market's heady mid-summer rise, making last week's fall all the harder. And portfolio insurance was a disaster that Monday.

"What portfolio insurance achieved, despite what the professors say, is that the funds were surrogate sellers of stock," says Mr John Schulz, a veteran New York broker who, like Mr Haigh in Chicago, has been warning of a crash for some time.

Most people think this particular hedging strategy is dead, which will take some volatility out of the markets. But program trading cannot be disinvented. "You can't ban program trading because it's simply buying and selling and you can't ban buying and selling," says Mr Wunsch. He and others believe that the solution must lie with providing more capital to the market-making system in New York. The same applies to Chicago, which performed rather worse. But there remains a deep reservoir of hope that the market, in its wisdom, will solve its own problems.

"The market will learn how to deal with these things," says Prof Malkiel. "These instruments are there," says Mr David Isbister, a Chicago trader. "But you better know how to use them or you'll get run over."

THURSDAY BOOK REVIEW

**Imelda Marcos**
By Carmen Navarro Pedrosa
Weidenfeld & Nicolson, £10.95

**Waltzing with a Dictator: The Marcoses and the making of American Foreign Policy**
By Raymond Bonner
Macmillan, £16.95

**The Philippines: People, Poverty and Politics**
By Leonard Davis
Macmillan, £20 50

POWER FASCINATES; abuse of power, even more so. However, it often requires the perspective of time to show up the real abuses of power - which is why determined and persistent attempts are so often made to rewrite history.

It is not just countries which rewrite their history - Imelda Marcos spent years trying to paint over her impoverished childhood. The US, for its part, has spent even more years trying to rewrite its colonial history to look like the good guy in the Philippines.

This begs the question: how far is the free world's leading democracy entitled to go in its campaign against communism: to what extent can it justify treating with and sustaining corrupt and tyrannical right-wing dictators in the Third World. The list is long - Batista, Diem, Somoza, the Shah of Iran, finally Marcos.

Raymond Bonner has undertaken a gargantuan task in unpicking the fabric of deceit woven in Washington and Manila so that Marcos could court and be courted by every US President since Lyndon Johnson. It was not always clear who was piping and who was paying. Was a substantially illegal Marcos donation to Richard Nixon's 1972 presidential campaign related to the fact that Nixon and Henry Kissinger had lied (as Mr Bonner proves), when they said they had no advance warning that dictatorship through decree was to be declared from Malacanang Palace in September 1972?

Money, intrigue and power all had a role to play. Morality did not. Overriding everything, ultimately, was concern about the US bases in the Philippines which the Pentagon has always insisted - and continues to insist - are vital to Pacific security, particularly as the Soviet Union continues to enlarge its naval capability at Cam Ranh Bay in Vietnam.

Bonner makes the point: "A dictator is easier to deal with than a rambunctious democracy. In the Philippines US nuclear ships called and planes with tactical nuclear weapons landed. Marcos was the only one who had to be informed. His approval could be purchased. If Filipinos tried to disagree he could toss them in jail. It wasn't that easy in a democratic country where the anti-nuclear movement could express itself as the United States was to discover in New Zealand in 1985."

Ultimately it was the people of the Philippines whose mass protests against an obviously fraudulent election in February 1986 forced out Marcos. Although the State Department and diplomats were pushing hard, the White House stopped short of asking Marcos to resign until the very last moment.

Leonard Davis, at the end of a chilling account of the extremes of poverty and deprivation and the extent to which they foster child-prostitution, paedophilia, sickness and crime, notes: "The US has been very clever. They hid the fact that - in most respects - they were as responsible as Marcos himself for the plight of the Filipinos and, in contrast to the wishes of the people to be sovereign, they intended to keep the country as a neo-colony."

In a miserably inadequate book about the rise and fall of Mrs Imelda Marcos, Carmen Navarro Pedrosa makes the same point - in fact almost her only telling point - in the prologue. The Philippines, the only formal colony the US ever had, is its skeleton in the closet. Like the Spaniards before them, the Americans, who took over in 1899, claimed they came to "save" the Filipinos without asking them whether they wanted to be saved. One tenth of the Filipino population died resisting such altruism.

The rest of the book describes some well worn facts and anecdotes with few insights, new or old, into Imelda Marcos's transformation from ambitious presidential wife to vulgar spendthrift of billions of dollars of illegally diverted official funds. Her attempts to erase her childhood, part of which was spent living in near destitution in a garage, may be part of the explanation.

On the one hand she suddenly whisks 40 people, including six hairdressers, in four aircraft from a party in Manila to accompany her to the coronation and wedding of King Birendra of Nepal in Kathmandu. On the other, she battles indefatigably and with ultimate success as Governor of Metro Manila to get a piped water system in place within 10 years.

That fact is not mentioned in the book. Nor is Imelda's dramatic success in cutting the deeply Catholic Philippines' soaring birth rate by devising the Mothers of Conscience programme, which gave women the choice of limiting family size. The birth rate declined sharply - until the Catholic hierarchy and a visit by the Pope in 1981 intervened. "For the peasants his authority was higher than mine," the Philippine first lady commented.

Mrs Marcos regards herself as being on a higher plane than the human. She talks, at inordinate length, about her personal theories of oriental mysticism and claims that only their divine qualities and the fact that they are not mere mortals has enabled her and her husband to survive the "cruel and unjust" condemnation of the world.

Yet her divine and spiritual approach when close to power included cruel and scornful disdain for the poor, including her own relatives.

The complex political situation in the Philippines means that the daily news is mainly about coup threats, insurgencies and Mrs Aquino's chances of survival - rather than the lot of the Filipino. But this rash of books reminds one that the extravagant excesses of the Marcoses have much to answer for. So, too, does the United States.

**Robin Pauley**

# Men and Matters

### Hong Kong's future hopes

As major banks and stockbrokers in Hong Kong have dug into their pockets this week to underwrite half of a HK$4bn lifeboat aimed at keeping the local futures exchange solvent, some are asking whether contributions may be expected from certain members of the futures exchange committee.

In particular, it is suggested, that perhaps Dr Kim Cham, who last Sunday was replaced as chairman of the futures exchange, might feel philanthropically inclined, since only a month ago he was paid HK$4m by the futures exchange committee for "services rendered" to the exchange over the past two years.

Ronald Li, who remains chairman of the unified stock exchange but who stepped down as deputy chairman of the futures exchange with Cham, was in September also paid HK$400,000, along with three other futures committee members, for "services rendered".

In this time of urgent need, and given their record of serving the interests of the futures exchange, there are many who think it reasonable to hope that these pillars of Hong Kong's securities industry will stand alongside international stockbrokers in contributing to the lifeboat fund?

### Marks time

Imagine the scene. It is the Marks and Spencer annual general meeting. The army of shareholders gathers. The chairman calls for questions from the floor.

The board steels itself to be quizzed about the sudden shortage of Syrup Sponge puddings at the Islington store or the insolent sales assistant at the Canterbury branch. Perhaps an eagle eyed investor will have glanced at a Datastream chart and realised that the shares underperformed for the past few months?

The questions vary from year to year, but there is one that is always rolled out. Why are there no women on the M and S board?

Now M and S has responded at last. Yesterday Baroness Young, until recently Minister of State at the Foreign Office, added a new honour to her long list of "female firsts" by joining the board.

Janet Young can already claim the kudos of being the first woman to become Leader of the House of Lords, Chancellor of the Duchy of Lancaster, Lord Privy Seal, and a director of the National Westminster Bank.


"What's that mate - latest share price or price per gallon?"

### Enterprise chief

These have been turbulent times for the Greater Manchester Economic Development Corporation, one of the babies orphaned by the abolition of the metropolitan county councils last year.

The GMEDC was set up by the now defunct Greater Manchester County Council to carry out industrial development and to makeinvestments in promising companies.

It has had several major traumas recently, the first being about money, for only after Manchester Business School had said it was doing a good job would all the 10 district authorities agree to keep funding it.

It then had to weather the retirement of its founding chief executive, the widely respected Leslie Boardman, whose work for the corporation was enhanced by his status as the best after dinner speaker in Manchester.

Unfortunately, his successor, Stewart Anderson, lasted only six months after having one of those "It's you or me" arguments with Ian Bolton, the finance director. The GMEDC's board backed Bolton, but this left the corporation without a skipper again.

How appropriate then that the new chief who will start next Monday should also be a casualty of last year's abolitions. He is none other than Alan McGarvey, the founding head of the Greater London Enterprise Board, which was the GMEDC's rather more politically strident equivalent in the capital.

McGarvey, a London-dwelling Geordie, has been working as a consultant since the demise of the GLC and GLEB. He will be starting in Manchester part-time from next Monday and will be putting in full weeks from January 1. Interesting times may lie ahead.

### Fit to bust

When Maurice Withall, a partner of the accountancy firm Grant Thornton, is made president of the Insolvency Practitioners Association in front of an audience of 700 at a City of London Guildhall dinner tomorrow, he may understandably feel he is the man of the moment.

It will be a rare case of a City banquet raising glasses this week to the certain prospect of better business.

Since last December it has been legally compulsory for a receiver or a liquidator to be licensed by a recognised professional body, of which the IPA is one. The insolvency mens' moment appears to have arrived within months of them gaining their new status.

Whithall describes his job as, "very similar to that of a surgeon where you may have to chop off an arm or a leg very quickly and precisely to save a life".

A number of markets traders totting up their books towards the end of this week might wish he expressed himself in milder terms.

### Off course

When it opened at a cost of $12m on Washington's waterfront just 15 months ago, the Potomac restaurant was billed as the Busby Berkeley on the River. Some 800,000 "jewels" sparkled from the ceilings, a gold-plated toy train ran round the main dining room at balcony level, and the seating space was enough for 800 people.

This week, the party came to an end. Warner LeRoy, the 270-lb impresario and founder, announced that rent disputes with Washington Harbour's landlord had forced him to close the business. More than 350 staff have lost their jobs, and fashionable Georgetown suddenly has a spare 20,000 square feet available.

What will happen to the white elephant on the waterfront is uncertain, though the Potomac's failure is a big blow to those who thought they could entice Washingtonians away from their homes to dine by the river. The business lesson seems clear: all that's glitz does not necessarily turn to gold.

### Shotproof

General Alexander Haig's influence on military strategy and the English language lives on. An American tourist overheard on the London Underground discussing an unknown foreign state: "As far as an army goes, they don't have one, so defence-wise, they're bogus."

**Observer**

ECONOMIC VIEWPOINT

By Samuel Brittan

# The economics of the Great Crash

**Q. "THE fundamental business of the country, that is production and distribution of commodities, is on a sound and prosperous basis." Do you agree?**

A. The above is a quotation from President Herbert Hoover after the first phase of Wall Street's original Black Thursday, October 24, 1929. He was not alone. The president of the Continental Illinois Bank said: "There is nothing in the business situation to justify any nervousness."

The most effective statement came from John D. Rockefeller, who in his first public statement for decades said: "Believing that fundamental conditions of the country are sound ... my son and I have been for some days purchasing sound common stocks."

**Q. What do you expect political and business leaders to say: that the fundamental position is unsound?**

A. No. But they could at least recognise that the markets are giving some sort of message or warning. Computer selling and 24-hour markets might exaggerate stock market movements or compress them into a shorter period. But the crash would have occurred without these technical developments.

**Q. Is the situation as bad as in 1929?**

A. It was not the 1929 crash that sparked off the depression, but subsequent developments. As Sir William Rees-Mogg has pointed out, stock market disasters have often taken the shape of a drunken M. First, there is a euphoric upward movement. Then there is a fall, which in 1929 took three weeks to reach bottom. There was then a recovery, in which about half the lost ground was made up, with the market reaching a new peak in May 1930. The really disastrous crashes in the final downward leg of the M were from then until mid-1932. The stock market fell by 90 per cent from its earlier peak; this was accompanied by the bank crash, a commodity price slump, the viciously protective Smoot-Hawley tariff and Britain's departure from the gold standard.

**Q. Are we doomed to repeat the disasters of 1929-32?**

A. No. There are no mysterious Kondratieff cycles or other inexorable rhythms which preside over our affairs. But human fallibility remains. Although a lot has been learned since the 1930s, political economy is still more an art than a science.

An example of fallibility is given by Olivier Blanchard, a level-headed and competent economist, and not a Reaganite. Yet in a study unveiled last week, while markets were crashing, he announced that Reaganomics had succeeded in reducing unemployment and inflation. He recognises the large public and external debts incurred; but concludes these will have "significant, but not dramatic costs" and have "achieved more than conservative policies in Europe."

**Q. How, precisely, does a stock market collapse affect the economy?**

A. The obvious channel is through the so-called wealth effect. People feel poorer as a result of equity falls and spend less. The wealth loss following from a 25 per cent stock market fall has been put at nearly $1,000bn for the US and over £100bn for the UK. The effect is more pronounced in the US because sizeable amounts of equity are more widely held by members of the public, whereas most UK equities are held indirectly by institutions such as pension funds. These have been in substantial surplus and are unlikely to call for higher contributions or reduce benefit pay-outs. The typical prediction is that consumer spending in 1988 will be 1 per cent less in the US and ½ per cent less in the UK than previously expected.

But, as forecasters emphasise, there are much larger downside risks. Consumers, especially if they fear further stock market falls, may cut spending more than predicted. Business investment will be deterred by the rise in the cost of equity finance, which may be partly offset by lower rates on bank or bond market borrowing. But more important than any mechanistic calculation is the impact of a more pessimistic atmosphere on business expansion.

Above all, there is the threat to financial institutions that have large equity holdings.

**Q. Can these effects be counteracted by policy?**

A. In principle, yes. Central banks have long acted as lenders of last resort to financial institutions. The Fed has learnt from its mistakes in the 1930s when it failed to prevent a halving of the US money supply. It has already announced that it will "support the economic and financial system" and interest rates have fallen in the US and UK, and at least stopped rising in West Germany.

It is, however, difficult to prevent a gathering contraction in liquidity without bailing out banks in trouble, such as Continental Illinois. The breakdown of barriers between banks and securities houses has increased the range of insititutions which central banks might have to help.

The contraction of consumer and business investment could, in principle, be counteracted by easier monetary and fiscal policy. It is when a slump is threatened that we need the helicopter dropping currency notes from the sky. This means easier bank lending policies and, if that is not enough, some mixture of lower taxes and higher government spending. Governments would thereby be using Keynesian policies for fighting slumps, as originally intended, rather than as a substitute for sound finance, year in, year out.

**Q. Why do you keep saying "in principle" about remedial action?**

A. The velocity of circulation of money tends to drop in periods of actual or threatened slump. Thus offsetting action may need large increases in the quantity of money, which must later be reversed if inflation is to be avoided. This is presentationally difficult, as it comes after a period when velocity has already been falling and monetary targets have been exceeded.

Unfortunately it is the Bundesbank and Bank of Japan - who have least reason to fear inflation, are best placed to give a lead, and claim to be pragmatic - who have been most hidebound by an out-dated technocratic monetarism.

The mistake of the US Treasury Secretary, James Baker, on the Friday before the crisis broke was not his strictures on Bundesbank monetary policy, which is not immune from criticism, but his threatening to talk the dollar down, which markets interpreted as a breakdown of the Plaza agreement on exchange rate co-operation.

**Q. What is the responsibility of the US?**

A. The greatest tragedy is that the biggest fallout from the equity slump threatens the US. Yet the US authorities are unable to use the normal anti-slump fiscal remedies at all, and their freedom of action in monetary policy is seriously weakened by past mistakes of Reaganomics. The vast accumulated budget deficits make budgetary relaxation an unthinkable path. In addition the Fed cannot go too far in reducing interest rates without threatening a free fall in the dollar.

**Q. But is it sensible to go to the other extreme and insist on spending cuts and tax increases in the US in the face of a recession threat?**

A. In a world without signals or confidence effects, it would be a dubious course. The stock market fallout and accompanying fears will themselves increase the propensity to save and reduce investment. This will help to narrow the savings-investment gap which is at the root of the balance of payments problem.

But there are more things under heaven and earth than are dreamed of in national income philosophy. A cut in the budget deficit has become a symbol for the foreign exchange and equity markets, just as it was for sterling during the IMF crisis of 1976. The popular cry in financial circles was for a cut of £2bn in the British public sector borrowing requirement. Questions such as "Cut from what to what?" let alone how the number was arrived at, were hardly popular.

Because of the confidence and wealth effects, it may actually be better for final demand to give the financial markets this particular pound of flesh than to resist.

The Gramm-Rudman procedures provide protection against perverse fiscal tightening in a recession. This is because they lay down for 1988 not an actual level of deficit, but a $23bn cut from hypothetical levels. Because of once for all factors, the 1987 Federal deficit has been cut sharply to $148bn, but was generally expected to rise to say $180bn in 1988. In a modest recession it could rise to more than $200bn, and in a severe one to $250bn, or even $300bn. Now suppose that the President and Congress surprise us with a remarkable $50bn package of cuts and tax increases. The deficit would then be $130bn with normal economic growth, but from $150bn to $250bn in a recession. But provided the markets were convinced that the underlying deficit were under control, the Fed could then be unleashed to fight recession.

**Q. What is now the appropriate rate for the dollar?**

A. Unfortunately we have little idea whether the dollar was over or undervalued before the Wall Street collapse. The London Business School estimates that, even after allowing for differential inflation rates, the dollar is as low as in 1979-80 when the Carter Administration tried to shore it up.

While the US economy was running near to capacity, and no convincing budgetary action was being taken, further dollar depreciation would have been merely inflationary. But recent events have made "room" for an increase in net exports. Moreover, the lower interest rates now required are likely to depress the dollar, unless Japan and Germany astonish us all by cutting rates even more than the Americans. So we can say that the appropriate dollar level is "lower than before", which still leaves a huge margin for agnosticism.

**Q. Is the Louvre Accord under threat?**

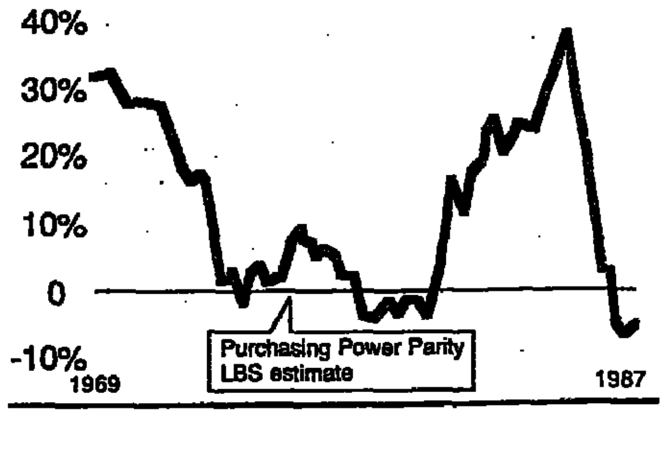
A. Obviously yes. There were two main mistakes. The first was to paper over disagreements by putting the emphasis on foreign exchange market intervention, rather than on differential changes in domestic monetary policy to make desired exchange rates stick. The second was to give the impression that "stability" meant a particular exchange rate or range.

The best way to save the Louvre and prevent a free fall in the dollar is to say publicly that the agreement is consistent with some pre-announced rate of change of the dollar. The central banks do not have to publish their intervention points, but the time has come when a little clarity would be more helpful, even in market terms, than secrecy and obfuscation.

**Q. Which indicators will you look at most?**

A. Following Gordon Pepper of Greenwell Montagu, I will look first at German and Japanese bond yields. If these are low or falling, those two countries will be more willing to loosen monetary policy and support the dollar. Then I will look at commodity prices. If these remain low in dollar terms, the Fed will be more inclined to lower interest rates and take a risk with the dollar.

**REAL DOLLAR EXCHANGE RATE**




**MARKET INTEREST RATES**

| 3-Month Eurodeposit rate | Mid-May | 16 Oct | 23 Oct |
|---|---|---|---|
| United States | 7.13% | 9.00% | 7.75% |
| Japan | 3.63% | 4.95% | 4.94% |
| West Germany | 3.63% | 5.00% | 4.56% |
| United Kingdom | 8.80% | 10.20% | 9.63% |
| France | 8.25% | 8.94% | 9.25% |

**10-Year Government Bond Yields**

| | | | |
|---|---|---|---|
| United States | 8.75% | 10.21% | 9.01% |
| Japan | 3.20% | 5.85% | 5.49% |
| West Germany | 5.48% | 7.14% | 6.71% |
| United Kingdom | 9.05% | 10.49% | 9.90% |
| France | 8.50% | 11.17% | 10.01% |

Source: Salomon Bros.

## Lombard

# A crisis for Gouldism

By Michael Prowse

*THE CRASH OF* stockmarkets is a severe embarrassment for Thatcherism. It will be much harder to preach the virtues of popular capitalism in the wake of the BP affair. Confidence in the wisdom of impersonal market forces, a minority taste at the best of times, will be harder than ever to instil in the great British public.

Yet if this minor crisis of capitalism presents a philosophical challenge for the Tories, it also poses a dilemma for Labour. After three humiliating election defeats, the leadership seemed close to accepting a radical change in Labour's historical role. The emergence of spokesmen such as Mr Bryan Gould, speaking a language not dissimilar to that of Dr David Owen, seemed to open new doors. Suddenly, it no longer appeared disloyal to argue that the party should seek to modify and tame Thatcherism, rather than to oppose it tooth and nail. In the 1950s, it was recalled, the Tories had wisely accepted the popularity of Keynesianism and the welfare state; indeed, they stole Labour's clothes. Perhaps Labour should now perform the trick in reverse by openly advocating competitive markets, privatisation, personal tax cuts and so forth.

The abrupt end of the bull market is scattering question marks across this new script. The proposed strategy of borrowing Thatcherite values and policies no longer looks quite so alluring. Mr Tony Benn and his friends had a great time in Chesterfield at the weekend discussing the contradictions of capitalism and the crying need for genuine socialist policies. There is no chance of Mr Kinnock embracing Bennism, but this may be a good time to ask whether he should be distancing himself from Gouldism.

This is a very fundamental question. Labour still has to decide whether it wants to remain a socialist party or to play a role comparable with that of the Democrats in the US. The issue is whether the UK will end up, like the US, with no clear ideological divide : with two main parties standing for free enterprise and individualism but marketing their policies slightly differently.

Some will maintain that the choice can be fudged, that Labour can simply adopt new means to achieve its original aims. Labour's key objectives, runs the argument, are (or ought to be) primarily social and political : the party should strive to eliminate poverty and class distinctions and to bring about a much fairer distribution of income and wealth. But it can afford to be flexible on economic policy because this is only a means to these ends. If tax cuts, a slimmed down public sector and popular capitalism will help bake a bigger cake, they should be endorsed without shame. There is nothing sacred about public ownership or collective provision of services and no reason not to stimulate personal enterprise, if this will help achieve the fundamental social objectives.

This argument is beguiling, but is it convincing? Can you really adopt conservative means and remain committed to left-wing ends? It must be doubtful. If Labour begins to accept that the private sector is inherently more efficient than the public sector and that people can be properly motivated only by the prospect of personal monetary gain, it may improve its immediate electoral chances. But its ability to offer a credible alternative to Thatcherism will be impaired.

The root of the problem is that market economics and redistribution are uneasy bedfellows. If Labour, however grudgingly, accepts the intellectual framework of market economics, it must also accept the existence of an unavoidable trade off between "efficiency" and "equity". (Given their assumptions, Tories are not foolish to argue that increased inequality is good for economic growth). Could Labour accept the framework but defiantly opt for less efficiency than the Tories? In theory, yes; in practice, probably no: the articulate "haves" would fight strongly against redistribution.

In the wake of the crash, philosophical objections to Thatcherism are likely to receive a more sympathetic hearing. This is hardly the best time for Labour to adopt the Tories' intellectual framework.

# Letters to the Editor

## Bring back Volcker

*From Mr R Lloyd.*

Sir,-In follow up to your leader yesterday, the best single step to restore confidence to the world financial system is to bring back Paul Volcker. Not any longer as chairman of the Federal Reserve, but to head President Reagans's new negotiating team with Congress. Or alternatively, to head the team for Congress. Or better still, as independent chairman of the negotiations.

For many years Paul Volcker has offered the solution to the growing US trade and budget deficits, namely cuts in spending and increases in revenue - finely tuned by monetary policy. His direct impact had been limited to the third. The gravity of the deficits crisis, which was held off as long as he remained at the Federal Reserve, may be illustrated by two simple statistics. If recent guesstimates are correct that, in the course of a week, £100bn has been knocked off equities in Britain and $1 trillion off US shares, then this would leave every one of 50m. Britons £2,000 poorer and every one of 250m. Americans $4,000 worse off.

A further step would be for the Group of Seven industrial democracies (G7) to appoint an Independent Reconciler to obviate well in advance the recent recriminatory statements which, both at home and abroad, have done little more than fuel the financial panic. Here there are several individuals, both G7 nationals and others, who played a leading part in overcoming the two oil crises of the 1970s, either at the International Monetary Fund or elsewhere, persons of Paul Volcker's intellect, courage, experience - and humility - who would also restore confidence to the world economy.

In the short term, Paul Volcker's recall will have as dramatic an impact on Wall Street as Winston Churchill's return to the British Admiralty had on the Royal Navy in September, 1939. In the long term, with self-discipline - and diminished greed - ahead for us all, it may help set the world economy on course for sustained growth into the 21st Century.

Raymond Lloyd,
*93 Queen Alexandra Mansions, Judd Street, WC1.*

## The Labour dilemma

*From Mr R O'Sullivan.*

Sir,-Malcolm Rutherford (October 23) is correct in his analysis but wrong on his politics when he writes "If Labour goes on thinking that the economy is weak, despite contrary evidence, there will never be an economic debate."

The Labour Party cannot afford to acknowledge the strength of the British economy for that would be to admit the success of caring/popular capitalism.

It has but two options. Either to try to pinch the government's clothes - many would find the spectacle of Messrs Hatterslеy, Gould and Smith in drag unedifying - or else to travel the road to Chesterfield.

This dilemma is code-named 'Policy review'.

Richard O'Sullivan,
*Parkgate Farm, Little Clacton, Essex.*

## Campaign ends

*From the Director of Campaigns and Communications, The Labour Party.*

Sir,-It will probably be the first and last time I disagree with Peter Riddell (October 26, "Labour aim in election was to be second") but his report is misleading.

While it is true that it was a key campaign objective to relegate the SDP-Liberals to third place it is nonsense to suggest that the corollory is that we were aiming to come second. We believed it was essential to win the election. Indeed, the second objective in the audio-visual presentation to which Peter Riddell refers stated "Labour to become the largest party". Or, as I said very clearly at the same conference the previous day: "Our campaign objectives were clear. We had already set our aim to become the largest single party and relegate the SDP and Liverals to a poor third place. In light of the polls we had to mount a good, fast start to the campaign so as to put an end to the 'third place' story. Then we could resume our campaign plan ... culminating in a powerful 'preparing for government' challenge as the final theme of the campaign."

As campaign strategists we identify targets and attempt to deal with them one at a time. Right at the beginning of the campaign the target was the SDP-Liberals, after that the Tories. Both were always in our sights.

Peter Mandelson,
*150 Walworth Road, SE17.*

## Running a dialogue

*From Dr A Tlusty-Sheen.*

Sir,- Malcolm Rutherford, (October 23), has hit the nail on the head when he identifies the vital need for Labour to be seen to have a credible economic policy. He is also right to point to ridicule as an effective way of deflating vain posturing. Sardonic jibes and a running commentary, however, are only part of a politician's armoury - and perhaps better left to journalists. No more tragicomic illustration of this could be found than the magpie economics of the present administration as it flits from economic indicator to economic instrument, in a vain pretence at running the country's economy. It is a sombre warning for any political party seeking power without a coherent economic strategy.

Accordingly Labour has initiated a thorough review of its policies. Not to water down its commitment to Socialism but to draw strength from its deep roots in our society and our economy. This extensive and far reaching dialogue with the electorate will do much more to build confidence in Labour's economic policies than any number of statements on the Louvre accord or the EMS.

Broadening and deepening economic awareness and debate amongst the voters is a necessary condition for the return of a Labour Government. Dialogue between Labour and the people is far more than a confidence building measure for it ensures that Labour's strategy for the 1990s will be firmly rooted in the realities of the British economy's strengths and weaknesses.

Dr Alun Tlusty-Sheen,
*Press Officer, Labour Economic Strategies Group, 68 Charlton Road, NW10.*

## London Library finance

*From the Treasurer, The London Library.*

Sir,-As treasurer of the London Library from the time that office was created in 1975, and as acting treasurer during the preceding three years, I have borne the chief responsibility for the conduct of the library's financial affairs ever since its 1972 appeal was launched.

Gay Firth's article (October 24) was fair and comprehensive, but it made no mention of the financial strategyto which the library has adhered through good times and bad from 1972 when, pursuant to the undertaking given to donors, approximately half of the £500,000 appeal money was invested so as to bring in income which would help meet library expenditure and permit the committee to defer or minimise increases in membership fees. By the year ended April 30, 1987, investment income had grown to almost £231,000, or 34 per cent of library expenditure. In the previous year it had even reached 35 per cent.

In this context the 1978 grant of a lease of Dalmeny Court in return for £531,000 may not seem so unaccountable or incredible as your reporter alleges. In 1978 the library's investment portfolio was valued at £388,817. The most recent valuation showed it to be worth nearly £5.7m. Although it would be wrong to claim that all the growth has resulted from the investment of the Dalmeny Court sale proceeds, it is true to say that the money then obtained has been well used.

The policy of building the library's investment income so as to keep membership fees as low as possible is seen to have worked, for membership numbers have never been higher and the facilities enjoyed by members in return for their fees have never been better value. Long may that policy continue.

Lewis Golden,
*14 St James's Square, W1.*

## Capital gains tax

*From Mr E Balfry*

Sir,-Mr S Scammell's letter (October 17) once again highlights the iniquity and the Conservative Government's humbug over capital gains tax.

This tax bears especially unjustly on retired persons who have invested savings from already taxed income to augment their pensions. As a rule pensioners do not job in and out of the market for short term capital gains, but take long term view of their investments. Nevertheless, from time to time some adjustments to holdings become necessary due to changes in the economic outlook and company prospects.

It is manifestly unfair that any 'paper profit' in excess of the present exempt limit should bear a tax of 30 per cent before being re-invested. The present CGT legislation and rules are a mess and unnecessarily complicated with numerous amendments and alterations making it almost impossible for the elderly to comprehend. All short term gains made in under 12 months should be taxed as income, and any investment sold which was acquired before 1982 and the proceeds fully re-invested should be free of CGT if held for 12 months or more.

The Chancellor of the Exchequer should grasp the opportunity in the next Budget to simplify and redress the many injustices in this tax.

E C S Balfry.
*1 Broadfern Road, Knowle, Solihull, W Midlands.*

**FINANCIAL TIMES**

Thursday October 29 1987



# Sterling holds key to EC exchange controls

BY QUENTIN PEEL IN STRASBOURG

THE ENTRY of sterling into the exchange rate mechanism of the European Monetary System was an "essential condition" for full liberalisation of capital movements in the European Community, Mr Jacques Delors, president of the European Commission, said yesterday.

Mr Delors suggested that the rest of the Community would not be prepared to scrap all exchange controls, as long as sterling was not submitted to the full disciplines of the EMS.

At the same time, he accused the West German Government of being "unreasonable" in maintaining excessively high interest rates.

He called for much more radical action to boost growth and employment in Europe, and warned that the US Government was ready to bring the dollar down as low as DM1.60, if there was no European response.

Mr Delors, a former French finance minister, was presenting plans for the final phase of capital liberalisation in the EC - intended to free all short-term money movements, purely financial transactions, and even personal bank accounts.

He said the entire package - due to be put to EC Finance Ministers next month - was an essential part of reinforcing European economic and monetary co-operation, and therefore offering greater stability in the face of the current turbulence in world financial markets.

However, in an impassioned speech to the European Parliament later, he warned that Europe had failed to act swiftly enough, and the EMS was certain to come under growing pressure in the coming days.

"The Louvre accord will suffer greatly in the coming days," he said. "The dollar will come under growing pressure. Do not have any illusions. The Americans are ready to come down to DM1.60 to the dollar."

He said such a drop would add more than Ecu1bn to the cost of the EC Common Agricultural Policy, greatly exacerbating the existing budget crisis.

"There will be a slowdown in economic growth, greater pressure in the EMS, and I only hope it survives, thanks to the reinforcement we have just agreed."

He strongly criticised the interest rate policy of the West German Government - having earlier accused Mr James Baker, the US Treasury Secretary, of making "inflammatory remarks" about the same subject at the start of the financial crisis.

"I must say frankly that the Federal Republic has not been reasonable," he said. In real terms, West German interest rates were still higher than those in the US, causing an increasing net inflow of capital.

Mr Delors' direct linkage of sterling's membership of the EMS to further moves on capital liberalisation is a deliberate attempt to step up the pressure on the UK Government.

He also warned that further dismantling of exchange controls would have to be matched by liberalisation of financial services like insurance and banking - a criticism of West Germany in particular - and closer co-ordination of tax policies, to prevent tax evasion.

Details, Page 3

Dr Mahathir cracks down on dissidents, writes Wong Sulong

# Malaysia deflects a racial problem

MALAYSIAN authorities have arrested 63 politicians and members of pressure groups under the Internal Security Act and ordered three newspapers to close, in what Dr Mahathir Mohamad, the Prime Minister, said was an attempt to pre-empt racial riots between the country's politically dominant Malays and economically powerful Chinese minority.

The crackdown has enabled the beleaguered 61-year-old Malaysian leader to reassert his grip on the country and within his deeply divided party, the United Malays' National Organisation.

The detentions are the biggest since Dr Mahathir came to power six years ago. He vowed to use the security act (which allows for indefinite detention without trial) sparingly, and has released hundreds of detainees during his rule. Therefore, the purge shows how close to anarchy the country was slipping, and how far Dr Mahathir's position has been undermined.

Among those detained were Mr Lim Kit Siang, opposition parliamentary leader and head of the Chinese-based Democratic Action Party and nine other members of parliament from both opposition and government parties. Also detained were Mr Chandra Muzaffar, head of Aliran, the influential reform movement, Chinese education leaders, environmentalists and religious extremists.

The crackdown must be viewed against the sharp deterioration in race relations between the Malays and Chinese which, in turn, is linked to the fierce power struggle within Dr Mahathir's party.

Dr. Mahathir Mohamed


Chinese-Malay relations have always been fragile and in recent years have been aggravated by disputes on how to share an economic cake that has stopped expanding.

In a special address to parliament yesterday Dr Mahathir accused the opposition party of inflaming passions by consistently emphasising racial issues. The opposition party, particularly after strong gains in the 1986 general elections, has portrayed itself as the champion of the Chinese community, goading Chinese parties within the coalition government to take a more racial line in competing for votes.

Dr Mahathir also feels the Government's liberal attitude has been misinterpreted as a sign of weakness by the press and various pressure groups. These have in recent months tried to challenge the Government by raising issues such as the billion dollar North-South Highway project, the disposal of radioactive waste by a Japanese factory, and the appointment of non-Mandarin speaking headmasters in Chinese schools.

All this would still be tolerable if Dr Mahathir's party was united and the Malays felt secure. But the party is split down the centre after last April's party polls in which Dr Mahathir managed to retain leadership by a slim margin.

Contrary to past traditions the party has not closed ranks. Dr Mahathir wants the losing side to submit to the majority, but his opponents will not do so because they are being purged. While the Chinese parties compete, supporters of Dr Mahathir within the National Organisation - known as Team A - and of his rival Tengku Razaleigh - known as Team B - are also looking out for issues to upstage each other. Nothing is better than the Chinese issue.

Tension quickly built up over the appointment of Chinese headmasters and there were several occasions during the past month when a racial riot was narrowly avoided.

The crackdown has served to defuse the overhanging tension. Because the detentions are spread across party and racial lines it is unlikely any group would take action stronger than verbal protests.

Dr Mahathir has regained the initiative within his party to the extent that he has the confidence to cancel the proposed National Organisation rally this Sunday in Kuala Lumpur without fear of being accused by his rival of being soft on the Chinese.

Yet the real issues - public confidence and economic recovery - remain unresolved. Malaysia is painfully emerging from its 1985-86 recession. Gross domestic product is expected to grow by 2 per cent growth this year, with 4 per cent growth projected for 1988 if commodity prices remain firm, says the Finance Ministry. The country had average growth of 7.5 per cent between 1970 and 1984.

Despite a vigorous promotion campaign and a significant relaxation in government regulations, foreign investment is slow in coming in, while local investment is stagnant. Unemployment, currently estimated at 10 per cent, will probably reach 13 per cent by 1990.

The Goverment has deflected the Malays and Chinese from a head-on collision, but it has probably not yet found a solution to allow the two communities to live in harmony.

# Balladur postpones quotation of Suez

By Paul Betts in Paris

THE FRENCH Government last night postponed for a week the quotation of Compagnie Financiere de Suez, the French state-owned financial group whose flotation was due to begin today.

The decision was announced by Mr Edouard Balladur, the French Finance and Economy Minister, after the French stock market was again hit by a heavy fall yesterday. The stock market's main index declined by 9.21 per cent.

Bankers in Paris said that a continuation of the stock market crisis was bound to lead to further delays in the French Government's ambitious privatisation programme.

However, the lateness of the announcement of the Suez postponement suggests that the Government remained in two minds until the very last moment over the Suez flotation. Mr Balladur had defended the Government privatisation programme vigorously the day before in the National Assembly.

Even if the Government could, under the privatisation law, insist on the underwriting syndicates carrying out their undertakings, banking sources in Paris suggested yesterday it would be unlikely to do so in the face of the reticence of the banks.

Before last night's decision over Suez, the Government had already decided to delay the privatisation of the Matra electronics and defence group.

Earlier story, Page 2

## THE LEX COLUMN

# Holes in the safety net

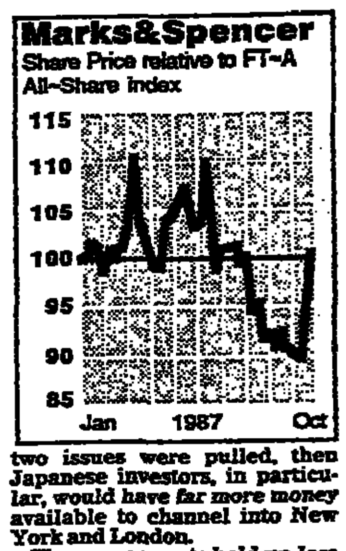
The increasing gravity of the world's financial problems is clear from the fact that central banks now look ready to let the dollar fall sharply. Last week there seemed to be some chance that the authorities, especially those in the US, would try to keep all the balls in the air at once. It is largely because politicians have failed to say the right things early enough that this is no longer feasible. After an attempt yesterday by central banks to intervene in support of the dollar at around DM 1.75, the foreign exchange market clearly felt able to push the dollar down with impunity. Statements late in the European day from Jacques Delors that the US would be prepared to see the dollar at DM 1.60 seemed to confirm that view.

If the US is to keep its financial system running, stilllower interest rates might be necessary. But while that move might avoid possible defaults among financial firms, it leaves little hope for the dollar. And beyond the immediate term an even lower dollar will only add to the difficulties. The J-curve effect should mean that the trade deficit will appear to worsen initially. And if the US economy weakens, as now looks inevitable, the budget deficit - down by $73bn in the year just ended - will tend to rise as tax revenues dip and social security payments increase. A rapid and credible response from President Reagan is now vital.

## Liquidity

With the world's markets facing one of the greatest crises of confidence, there was always an argument for the UK and Japanese governments to postpone the world's two biggest stock market offerings. The combination of this week's BP issue and the sale of a second tranche of Nippon Telegraph and Telephone(NTT), which is only a fortnight away, would absorb close to $50bn of institutional liquidity - roughly equivalent to the entire capitalisation of the Hong Kong stock market or twice the stock market value of General Motors before the stock market crash.

It could be argued that postponing both issues would provide a powerful boost to stock market psychology. Net acquisition of US equities by foreign investors, for example, was running at an annual rate of $35bn in the first half of 1987 - twice the level of last year. If these




two issues were pulled, then Japanese investors, in particular, would have far more money available to channel into New York and London.

These arguments hold up less well on inspection. In the case of Britain, the BP issue is partly paid, and while the first tranche of £2.6bn would absorb perhaps half of fourth-quarter UK institutional cash flow, there are plenty of ways the Government can reinject liquidity into the system. The only casualty would be market sentiment. Meanwhile, Japanese institutional liquidity has been rising rapidly, partly because overseas investment flows have slowed to a trickle, and given the peculiar logic of the Japanese market it is widely felt that if the NTT issue was cancelled this would constitute a loss of face and precipitate a drop in the Tokyo market.

## Marks and Spencer

Under normal circumstances a dull set of results such as Marks and Spencer produced yesterday would have met a quite different response. But such is the desire for safety that Marks, with the rest of the stores sector, has fared a good deal better than the market lately. Great Universal "A" shares even gained 40p yesterday to 1150p, while Marks ended only 4p lower at 202p.

The underperformance of the sector during the bull run is vindicated by Marks' rather dismal sales performance. But Marks' defensive qualities were amply demonstrated in a slight rise in margins despite lower like-for-like volumes in clothing. The balance sheet, too, is enviably strong and still producing interest receivable. The conservative accounting policies - no capitalising of interest, for example - will benefit the company if hard times come. Marks came through the last recession without a decline in profits, and even if cashmere features more largely in its products now than then, its quality-with-value image should stand it in good stead if the worst happens. And since this financial year has 53 weeks, the last a second Easter, profits should reach £500m from £425.3m. That gives a multiple of 16.5 - but ratings are hardly what matters now.

## TSB/Hill Samuel

It says much for the general state of nerves that Hill Samuel's shares closed yesterday nearly 10 per cent below TSB'scash offer of 810p. Around the world, markets are alive with the cancellation of bids, rights issues and flotations, with yesterday alone seeing the postponement of Sotheby's return to the market and the pulling of a $500m rights issue by Telefonica of Spain.

In fact, there seems very little chance of the Hill Samuel bid being abandoned, although there could be reasons why it should be. Since the £777m price tag was put on the company, merchant bank shares have slumped. Hill Samuel ought to be at the low end of the range, given its heavy exposure to fund management and the presumed fall in the sale value of Wood Mackenzie. But from the Takeover Panel's viewpoint, these wouldprobably count as general market effects, and would not therefore be grounds for backing out; and although the defection of a dozen corporate finance executives to Barclays is specific enough, it is scarcely material.

It would still be open to the TSB board to advise shareholders at next Monday's EGM to vote the deal down. But this would be a bold and almost unprecedented move, and therefore quite out of character. Backing out would also involve the collapse of the Hill Samuel share price, and a paper loss of perhaps £85m on TSB's 29.9 per cent holding. TSB's institutional shareholders are meanwhile reported as solidly behind the deal, but many of them will be Hill Samuel shareholders as well. The 2m small shareholders in TSB seem rather left out of things. Perhaps they can console themselves with the board's official line that it will all be worth it on the longer view.

# Soviet boost for satellite programme

BY PETER MARSH IN LONDON

SOVIET efforts to sell satellite-launch services to Western companies have received a boost from a marketing agreement with Jardine Glanvill, a London insurance broker.

Under the agreement, Jardine Glanvill will act as an intermediary between Glavcosmos, the Soviet civilian space authority, and companies which want the Soviet Union to place satellites in orbit on its Proton rockets.

Jardine Glanvill, which is a subsidiary of Jardine Matheson, the Hong Kong-based trading company, intends to help Glavcosmos in its marketing campaign to sell launch services, with so far has had a conspicuous lack of success.

Jardine Glanvill said yesterday it could give no further details on the agreement. It will discuss its plans more fully at a briefing for the space industry in London next Tuesday.

The Soviet Union has offered to take commercial satellites into orbit for as little as $20m, which is less than half the price of a launch on Ariane, the Western European rocket which is the dominant vehicle in the space-launch business.

No Western company has yet taken advantage of the Soviet offer, despite its cheapness. This is partly because the Soviet Union, although it lifts into the heavens its own satellites at the rate of about 100 a year, has had no experience in the commercial launch market.

Another reason for hesitation is the ban by the US Government, announced earlier this year, on the transfer to the Soviet Union of US-made electronic satellite components. The restriction, made under US munitions-controls regulations, would severely hamper satellite launches because most Western space vehicles contain US parts.

Despite this, some satellite makers and operators have called for a lifting of the restriction, arguing that the availability of Soviet launches would give them extra choice in deciding on launches for satellites.

The Jardine Glanvill involvement may lend extra polish to the Soviet space marketing efforts, which space industry observers have found extremely amateur. It is believed that the Soviet Union wants to increase the profile of its space capabilities, partly to earn political kudos and also to obtain foreign currency.

The Soviet Union aims to join China in competing in the launcher market, in which the main participants are Arianespace, a company near Paris which operates Ariane, and three US companies - McDonnell Douglas, General Dynamics and Martin Marietta - all of which are commercialising rockets previously operated by the US Government.

# Last-ditch bid to stop BP issue

BY RICHARD TOMKINS

UNDERWRITERS of the UK Government's £7.2bn ($12bn) offer for sale of shares in British Petroleum were yesterday making a last-ditch attempt to have the issue withdrawn as the offer closed heavily undersubscribed.

An estimated 200,000 to 250,000 applications had been received from small investors by yesterday morning's 10 o'clock deadline. If each application were for £1,000 worth of shares, nearly £7bn worth of stock would be left with the underwriters.

BP's existing shares shed another 5p to close at 254p yesterday compared with the 330p offer price. At that level, the underwriters face losses of over £1.5bn.

The Treasury was due to meet N.M. Rothschild, the merchant bank which is lead underwriter to the issue, late last night to decide whether the offer should go ahead. An announcement should follow today.

There are no indications so far that Mr Nigel Lawson, Chancellor of the Exchequer, has changed his view that the offer should proceed, in spite of a rash of rumours.

One rumour has suggested that certain overseas underwriters could be thrown into crisis if landed with the unwanted stock. Another has suggested that UK merchant banks could suffer serious losses.

Mysterious motives, Page 7

# UK-French groups plan TV Sport

PAUL BETTS IN PARIS

WH SMITH, the British newsagent and bookseller, is to launch a French-language satellite and cable television sports channel in partnership with Compagnie Generale des Eaux, France's largest private water distribution group.

The move is part of the British group's efforts to expand its television businesses by developing an increasingly broad range of television services and products for the European market.

The new sports channel, to be called TV Sport, will begin broadcasting next February. Mr Francis Baron, managing director of WH Smith's television operations, said yesterday that the channel will be aimed at the French, Belgian, Swiss and Luxembourg markets.

The channel will involve a partnership with an initial capital of FFr20m ($3.29m), with the British group owning a 34 per cent stake and Generale des Eaux another 34 per cent interest.

The remaining 32 per cent will be placed with other French, Belgian and Swiss shareholders. Caisse des Depots, the large French state financial institution, is expected to invest between 10-15 per cent.

Both Generale des Eaux, a shareholder of Canal Plus, the highly successful French pay television channel, and Caisse des Depots have been investing heavily in cable television.

Mr Baron explained that the latest venture was designed to create a "truly European sports network."

The British company intends to follow up the French venture with similar operations in Germany and Spain.

He added that the group was adopting a similar European approach to its other television operations.

"We want to develop our TV business on a European scale and not on a purely narrow UK basis."

WH Smith's television interests include a 21 per cent stake in a British independent television station and the Molinare television services company which was recently acquired by the UK group.

Molinare provides studio and filming facilities and other services to the television industry. It also has subsidiaries in Spain and the Netherlands.

The British company also recently acquired a 36 per cent stake in a Dutch children's channel and is to launch a music channel in the UK next month.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | S | 24 | 75 | Dubrovnik | S | 18 | 64 | Malta | F | 25 | 77 | Rhodes | S | 17 | 63 |
| Algiers | F | 24 | 75 | Edinburgh | S | 9 | 48 | Manchester | S | 10 | 50 | Rio de J'o | C | 32 | 90 |
| Amsterdam | C | 13 | 55 | Faro | S | 18 | 64 | Manila | C | 33 | 91 | Rome | C | 13 | 55 |
| Athens | F | 15 | 59 | Florence | C | 20 | 68 | Melbourne | S | 19 | 66 | Salzburg | S | 12 | 54 |
| Bahrain | C | 14 | 57 | Frankfurt | F | 12 | 54 | Mexico City | C | 26 | 79 | San Francisco | S | 26 | 79 |
| Bangkok | S | 32 | 90 | Funchal | F | 19 | 66 | Miami | C | 28 | 82 | Seoul | C | 21 | 70 |
| Barcelona | S | 22 | 72 | Geneva | H | 12 | 54 | Milan | C | 12 | 54 | Singapore | F | 32 | 90 |
| Beirut | C | 25 | 77 | Gibraltar | S | 18 | 64 | Montreal | S | 14 | 57 | Stockholm | S | 9 | 48 |
| Belfast | S | 8 | 46 | Glasgow | F | 9 | 48 | Moscow | S | 3 | 37 | Strasbourg | C | 11 | 52 |
| Belgrade | S | 10 | 50 | Guernsey | S | 11 | 52 | Munich | S | 12 | 54 | Sydney | S | 21 | 70 |
| Berlin | S | 10 | 50 | Helsinki | C | 5 | 41 | Nairobi | S | 29 | 84 | Taipei | S | 29 | 84 |
| Biarritz | C | 15 | 59 | H. Kong | C | 22 | 72 | Naples | S | 24 | 75 | Tangier | F | 18 | 64 |
| Bombay | S | 34 | 93 | Innsbruck | S | 17 | 63 | Nassau | S | 30 | 86 | Tel Aviv | C | 23 | 73 |
| Bordeaux | F | 14 | 57 | Inverness | S | 9 | 48 | New Delhi | S | 32 | 90 | Tenerife | S | 23 | 73 |
| Brussels | R | 13 | 55 | Islamabad | S | 30 | 86 | New York | S | 16 | 61 | Tokyo | C | 23 | 73 |
| Budapest | C | 7 | 45 | Istanbul | C | 15 | 59 | Nice | S | 23 | 73 | Toronto | S | 10 | 50 |
| B. Aires | S | 23 | 73 | Jakarta | C | 32 | 91 | Nicosia | S | 28 | 82 | Tunis | S | 27 | 81 |
| Cairo | C | 27 | 81 | Jersey | S | 14 | 57 | Oporto | S | 14 | 57 | Valencia | F | 22 | 72 |
| Cape Town | S | 19 | 66 | Jo'burg | C | 27 | 81 | Oslo | C | 7 | 45 | Venice | C | 12 | 54 |
| Caracas | C | 29 | 84 | Lima | R | 21 | 70 | Paris | C | 11 | 52 | Vienna | F | 7 | 45 |
| Casablanca | F | 20 | 68 | Lisbon | F | 16 | 61 | Peking | S | 21 | 70 | Warsaw | S | 5 | 41 |
| Chicago | C | 12 | 54 | London | D | 13 | 55 | Prague | S | 9 | 48 | Washington | - | - | - |
| Cologne | S | 13 | 55 | Los Angeles | S | 33 | 91 | Reykjavik | S | -1 | 30 | Zurich | C | 12 | 54 |
| Copenhagen | F | 9 | 48 | Luxembourg | F | 13 | 55 | | | | | | | | |
| Corfu | F | 20 | 68 | Madrid | F | 13 | 55 | | | | | | | | |
| Dallas | - | - | - | Majorca | S | 23 | 73 | | | | | | | | |
| Dublin | S | 11 | 52 | Malaga | S | 20 | 68 | | | | | | | | |

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Continued from Page 1

# Markets swing in volatile trading

sue of whether or not the BP issue would go ahead was peripheral to the budget deficit talks going on in Washington.

However, he commented: "The $100m each the US underwriters of the issue look like losing if the issue goes ahead is not good for a company at the best of times. But this happens to be one of the worst times, on top of everything else, to be losing that kind of money."

In Tokyo, the Nikkei index had surged 376 points during the morning before plunging again as the US currency came under heavy selling pressure to close more than 250 points lower.

London opened with a swift 100 point fall on its broadly-based FT-SE 100 index before recovering nervously to close 44.9 points lower at 1658.4.

The FT Ordinary Index closed 33.5 down at 1288.5.

In both London and New York, traders reported swift selling into the most modest of rallies.

Although there has been some small-scale bargain hunting, the alacrity of sellers to take advantage of slightly more attractive prices suggests there is little prospect of any sustained recovery for the time being.

Bonds, like equities, bounced around with the dollar, and by early afternoon the US Treasury's benchmark 30-year bond had fallen by ¾ point, reflecting the dollar's weakness.

Normally a weaker dollar would be raising considerable fears about foreign investors staying away from the Treasury's quarterly refunding next month.

UK government bonds slavishly followed movements in the US bond market.

# Accountancy Appointments

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Progressive medium C/A partnership require a Head of Internal Account/Administration. Staff of 5. Age 30-45. Strong leadership qualities essential, possibly a successful F.D./Controller.

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Leading International Exploration/Production Group seek accountants, prefer some Treasury experience, for long-term cash-flow forecasting and analysis.

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# FINANCIAL CONTROLLER

## International Investment and Property Company

Our clients' business was developed in the construction sector, primarily in the Middle East, during the 1970's. In more recent years, as this market has lost momentum, they have increasingly diverted their resources into a wide range of investments in the UK, Europe and the US.

The management of these investments, which include a £20m+ property portfolio, is now the main focus of their activities. The small executive team is close knit, entrepreneurial and opportunistic. They seek a young chartered accountant to take charge of all accounting and to develop their computer based systems.

There is a complex structure of companies and investment vehicles and a positive interest in the investment field is considered essential. A reasonable knowledge of relevant tax and legal issues will also be very valuable.

This is a fascinating opportunity, in an informal but dynamic environment, to manage a small team and continue the process of reorienting the financial function to meet the changed business requirements of the group.

Salary will not be a limiting factor for the right candidate and other benefits will be negotiable to meet individual requirements.

To apply, please send career details in confidence to Mike Smith, quoting reference M 6661.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

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## Here's one formula for success you may not have met before

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If you happen to be as familiar with physics as you are with finance, you will already have recognised that we're talking about the speed of light – and justifiably so.

Because we at Mercury Communications are using the very latest developments in optical fibre transmission to ensure the Britain of the future has the fast, reliable and flexible national and international communications system it needs – and deserves.

So dramatic has been our growth and so great our success, that we now need additional part and fully-qualified accountancy professionals: the men and women who will play an influential, highly visible role in our continuing expansion. For, whichever sector of our financial operation you join now – and at whatever level – you can look forward to positive career development along a number of professional avenues.

Throughout, there will be a highly competitive remuneration package. Starting salaries are negotiable from the range £14-20k and complemented by the full range of benefits you would expect from an organisation that prides itself not only on identifying performance and potential but rewarding them well too.

### BUSINESS PLANNER

With good experience gained in financial services, business planning or financial appraisal with a medium/large company, ideally in a service market. It is essential you have an MBA and/or accountancy qualification and exceptional interpersonal skills.

### MANAGEMENT ACCOUNTANTS

With about 3 years' post-qualification experience in advising corporate management at all levels. Strong communication skills and the ability to perform well under pressure to tight deadlines will be vital.

### ASSISTANT MANAGEMENT ACCOUNTANT

With a recent degree in accounting or in the process of obtaining ICMA/ACCA – you will be ambitious to train and develop with a company taking an advanced approach to all aspects of its business.

### FINANCIAL ACCOUNTANT – SYSTEMS

Recently qualified with extensive experience of computerised accounting systems development, analysis and reporting, preferably gained in a medium/large company. Ability to work on your own initiative with minimum supervision is essential.

### FINANCIAL ACCOUNTANT

Recently qualified ACA with broad experience of preparation of company accounts in a computerised environment. Developed communication and man-management skills are essential.

Mercury
COMMUNICATIONS

For more information about any of these new appointments, please forward a copy of your Curriculum Vitae to: Robert Johnston, Personnel Department, Mercury Communications Ltd., 90 Long Acre, London WC2E 9NP. Tel: 01-836 2449.

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# Financial Director

## Greenfield site in blue-chip company

**City** **c£50,000 + bonus, car & mortgage subsidy**

We are one of the top six asset management groups in the UK, with a track record of success, growth and stability.

Following a strategic decision to combine strengths with our international banking parent we have created a company to run this group.

The new position of Finance Director will report directly to the Chairman of this company, and will be responsible for:

- financial strategy, planning and measurement
- control of cashflow and working capital
- development of the financial function to support the operating businesses

This is an exciting opportunity for an enterprising individual.

You are currently a senior financial executive of a major industrial or commercial organisation and wish to make a move in order to make a greater contribution to a fast developing business.

Please apply in confidence quoting reference FD/19960/FT.

All applications will be forwarded unopened to our client unless you list companies to which you do not wish to apply in a covering letter and address the envelope to the Security Manager: CJRA

**Campbell-Johnston Recruitment Advertising Limited**
*3 London Wall Buildings, London Wall, London EC2M 5PJ.*

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# Group Accountant

## to £30,000 + car

Our client is a major force within its industry sector, a well-known name in the consumer marketplace, and part of an international group. The current pace of change within the company and its culture is dramatic. This is a highly opportune time for a dynamic and ambitious ACA to enter the financial decision-making team.

The Group Accountant supports the Financial Director and Group Financial Accountant in tackling financial issues which affect the fundamental structure of the company at this exciting time. The challenge will attract technically outstanding individuals, in their late twenties or early thirties, whose 4/5 years' post-qualification experience has led either to a Senior Manager's role in one of the major accountancy firms, or to a Senior Financial Accountant position in industry or commerce.

A solid background in non-audit based accounting is essential. Specific experience may have been in Stock Exchange flotations, consolidation work, the preparation and publication of accounts or other areas; there is sufficient flexibility within this job to utilise key individual skills and experience. An accountant of the right professional and intellectual calibre will, equally, be able to drive and 'grow' the job to suit his or her personal attributes and ambitions. There is certainly room for very rapid progress in responsibilities and rewards.

The company plans a move to the M4/M3 corridor shortly, and relocation assistance will be part of the remuneration and benefits package.

Please write with full personal and career details to the address below quoting Ref: J8086/FT on the envelope. Your application will be forwarded unopened, unless marked for the attention of our Security Manager with a note of companies to which it should not be sent.

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# Divisional Accountants

## Middlesex and Oxford

## c£24,000 + car + share options

Our client is a broad based and medium sized UK plc with photographic, video and communications interests. The group is pursuing rapid growth both organically and through acquisition and has an immediate need to recruit further qualified accountants for its photographic and video divisions.

These roles have total responsibility for the finance function and candidates should have a commercial approach to achieving further growth of the business coupled with a shirt sleeve style.

The Group seeks ambitious accountants with drive and determination who are keen to join an expanding and young dynamic organisation where future prospects are not purely confined to the financial area.

Please write or telephone enclosing full resumé quoting ref: 147 to:-
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

# Group Accounting Development Manager

## c.£30,000 + Car

This vacancy is reserved for a fast track individual with the technical ability, personal skills, work rate and ambition to build a successful career on a series of demanding financial management roles. The Group is a large British multinational which can provide long term opportunities including its top echelon positions based in the UK.

As Group Accounting Development Manager you will lead a small multi-disciplined team responsible for extending sophisticated corporate finance systems; co-ordinating divisional systems development; and providing guidance and support on new accounting policies, particularly in relation to the continued expansion by the Group into innovative commercial arrangements. It is an active and highly visible role requiring an individual alert to both external developments and internal management views. The communication skills to promote new concepts, address new issues and bring about change across the Group is essential.

Applicants must be graduate qualified accountants with broad exposure to systems planning and implementation and professional interest in current technical issues.

Age guideline 28-30. Location Central London.
Please reply in confidence quoting ref. L328 to:

Margaret Mitchell
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
01 240 7805

**Mason & Nurse**
Selection & Search

# Internal Audit

## Worldwide scope

## c. £25,000

Fidelity International is part of one of the largest, most successful financial management organisations in the world. Now, within our worldwide audit team we have identified new openings for Internal Audit Seniors, who, reporting to the Manager of Internal Audit-Europe, will take responsibility for the review of our operations, primarily in the UK and Europe.

Ideally, you will be a young chartered accountant with between one and three years' post-qualification audit experience and a strong background in system based auditing. Investment company involvement and a working knowledge of computers is desirable but not essential, although you will certainly need the technical skills to cope, plan and execute audits, the personal skills to relate to management and staff and the communication skills to report findings and recommend solutions.

These challenging appointments offer the opportunity to understand the global operations of Fidelity. Consequently, after perhaps a two year period, there is the potential to move into an appropriate post in any Fidelity office worldwide.

Fidelity has major centres in the South East as well as the City; the most appropriate of which will be selected as your initial location. Naturally, in addition to salaries c.£25,000 we offer the generous package of benefits you would expect from a highly successful financial organisation.

**Please write in confidence with a full CV to Sue Lingham, Fidelity International, 25 Lovat Lane, London EC3R 8LL.**

Fidelity International

BERMUDA-BOSTON-HONG KONG-JERSEY-LONDON-NEW YORK-PARIS-SAN FRANCISCO-SYDNEY-TAIPEI-TOKYO-TORONTO

# Computer Audit Managers

**London** **£25,000 – £35,000 + car**

Our client is a "top eight" international firm of chartered accountants with a fast growing Computer Audit Department. There are openings for existing computer audit managers and senior managers currently with other large firms of accountants or in commerce/industry.

Applicants should be Chartered Accountants aged 28-33 with a computer audit and security background. Responsibilities will include managing computer audit assignments and computer security services. The firm's enquiry packages are fully developed for traditional mainframes but experience of auditing 4GL databases would be particularly welcomed. In addition to servicing an interesting and varied client portfolio, the candidate will be expected to contribute to the development of added value services and to the continuous evolution of the firm's audit approach.

The successful candidate will have a high level of marketing and business awareness and the presence and personality to motivate staff and engender confidence with clients and colleagues.

For more information, please contact George Ormrod B.A. (Oxon) or Stephen Hackett B.A. (Oxon) on 01-836 9501 or write with a copy of your CV to our London office quoting reference No. 8117.

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DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R ONS
TELEPHONE: 01-836 9501

# Director of Finance

## London

## c£35,000 + bonus + s/options + car

Our client, a major quoted plc with an asset base exceeding £1bn, operates one of the foremost property companies throughout the UK. New developments and re-structuring of this multi-site organisation have now resulted in the need to appoint a Director of Finance of the quoted property company.

The role reports to the Chief Executive and will have responsibility for directing the strategy and future expansion of the business. Strong cash management and the imposition of tight financial controls are imperative.

Candidates, age indicator 30-40, will be qualified accountants, who must have had property experience. That experience must also include strong interpersonal skills to liaise with both internal and external parties and be backed up by a strong commercial awareness with sound financial expertise. Future prospects within this group are excellent.

Please write enclosing full resumé quoting ref: 145 to:-
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE.
*Tel: 01-839 4572*

**Cartwright Hopkins**
FINANCIAL SELECTION AND SEARCH

# Accountancy Personnel

*Placing Accountants first*

## HEAD OFFICE ROLE

**Lincolnshire** **c£15,000 + Car + Benefits**

This successful private company has supported its impressive growth rate by the utilisation of progressive and sophisticated manufacturing techniques. Accordingly, it has become a recognised market leader in an expanding sector of the food processing industry and can now offer a young accountant an exciting opportunity within its head office accounting function.

The successful candidate will become involved in the provision of management information, particularly with regard to capital expenditure, cashflow forecasting and micro and mainframe systems development.

The excellent package offered includes relocation assistance.

Padleys

For further details, please contact:
Accountancy Personnel,
2/4 Listergate,
Nottingham,
NG1 7DD
Tel: 0602 582939

## FINANCIAL DIRECTOR (DESIGNATE)/ COMPANY SECRETARY

**East Sussex** **c£24,000 + Car + Benefits**

Our client is a prestigious company, with a sixty year track record in a competitive market place.

As an ambitious, commercially aware Accountant with a record of proven achievements, you will join a successful design and international marketing operation. Your role will be a high profile one where you will influence senior management, and the future development of the business in terms of growth, profitability and efficiency.

In return, the company offers a real challenge together with excellent prospects.

Colibri OF LONDON

For further details, please contact:
Accountancy Personnel
72/74 High Street,
Guildford
GU1 3HE
Tel: 0483 84692

## FINANCIAL CONTROLLER

**Hereford** **c£18,000 plus benefits**

Part of the successful Sytone group, our clients manufacture and design compressors for the refrigeration and air conditioning industry. Number one in the field of Research and Development, Rotocold requires the services of a first class accountant to enhance their forward-thinking management team. A strong communicator with a pragmatic approach you will be responsible for the day to day running of the accounting function, the production of accounts, product costing and the implementation and development of systems.

ROTOCOLD

For further details, please contact:
Accountancy Personnel
88/89 Darlington Street,
Wolverhampton
WV1 4EX
Tel: 0902 771975

## FINANCIAL CONTROLLER

**EAST ANGLIA**
**c£22,000 + Car**

This is an exceptional opportunity to join an expanding operation within a US Corporation involved in the engineering field situated in this region currently enjoying an unparalleled period of business growth.

The 'hands on' style sought by our clients is rewarded by a real sense of involvement in the Group's activities. Reporting direct to Board members, this demanding role will incorporate the control of the accounts function, strategic planning, production of budgets and forging strong links with the M.D.

This challenging role offers considerable scope for a strong qualified, self motivated individual who is computer literate, able to motivate and manage all levels of staff and preferably has a proven track record within a similar field. An impressive benefits package is offered including an incentive scheme and relocation where necessary.

For further details, please contact:
Accountancy Personnel
36 Museum Street,
Ipswich
IP1 1JQ
Tel: 0473 215068

## THE NEXT STEP FORWARD....

**Colchester** **to £19,000 + Benefits**

...with Philips Business Systems will introduce you to a dynamic, high technology environment where you will be part of a well established computer marketing and customer support organisation.

Due to continued expansion, a vacancy now exists for a Senior Management Accountant in the Technical Division. Duties will include the production and analysis of management accounts, quarterly forecasts, cost investigations and the improvement of accounting systems.

The ideal candidate will be a commercially aware, qualified accountant who can develop their communication and interpersonal skills to the full with this prestigious organisation.

PHILIPS

For further details, please contact:
Accountancy Personnel
36 Museum Street,
Ipswich
IP1 1JQ
Tel: 0473 215068

# FINANCE DIRECTOR

**Negotiable c. £30,000** **North East England**

Our client is an autonomous constituent Company within a large and highly successful Group. They have a turnover of around £25 million, split between manufacturing and retailing operations, both in this Country and abroad.

The successful applicant will complete a dynamic young Board for the business. He/she will be a qualified accountant, aged 28-40, who already holds a senior post, preferably within a retailing or manufacturing company.

Planned developments within the Company mean that they will particularly be looking for applicants with strong commercial acumen, as well as the expertise to control all financial management aspects of the operation.

As well as the salary they offer an excellent range of benefits including an executive company car, bonus and profit sharing schemes and BUPA.

Please write with a detailed *C.V.* stating the names of any companies to whom you do not wish your application to be forwarded, quoting ref: 161 to: G. R. H. Solomon, Managing Director.

**GS Recruitment**
G.S. Advertising Ltd., Suite 1a, Floor B, Josephs Well, Park Lane, Leeds LS3 1AB.

# SENIOR ACCOUNTANT FINANCIAL PLANNING & ANALYSIS

## £25,000 + Car
## LONDON

Our client a recognised development group, wishes to recruit a qualified accountant with a high standard of technical ability, to play a significant role in influencing its future direction. The successful candidate will be involved in co-ordinating the corporate planning, forecasting and budgeting processes, financial management reporting and utilising an expanding level of statistical analysis for interpretation and forecasting business trends.

Candidates aged between 25 and 30 *must* have commercial experience and also have an aptitude for initiative and creativity in a demanding environment. Computer literacy is essential.

For further details please contact Jayne Smith.

# FINANCE DIRECTOR

## £25,000 + Car

Our client, a major International Lloyds Broker, requires a Financial Director for their UK company to oversee all aspects of the finance function.

Applicants should be qualified Chartered Accountants aged 25 to 32, with sound knowledge of financial systems and with proven management skills.

The role involves responsibility for 25 staff, overseeing all of the day to day management and financial accounting systems and taking an active role in the financial management of the company including ad hoc project investigations and acquisition work.

Please contact Liz Robins.

For further details of both these vacancies telephone 01-583 0073 (or 01-870 3037 outside office hours).

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16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
8 LLOYDS AVENUE, LONDON EC3

# ACCOUNTING DEVELOPMENT MANAGER

## c£21,500 p.a. + car

The Wiggins Teape Group is a leader in the European pulp and paper business and a major international paper merchant. Its Carbonless Papers Division, which has operations in several European countries, is undertaking a programme of major and far-reaching changes in financial systems involving the installation over the next three to five years of a number of accounting packages. The Division has also initiated a project of harmonising its accounting and control procedures throughout Europe.

We are therefore seeking a well-qualified accountant to take charge of the planning of these major accounting developments. You will actively participate with the user teams involved in the selection of systems, and ensure their successful implementation. Aged in you early thirties, you will be able to demonstrate a record of achievement in project management. You will also possess the interpersonal skills necessary for this high-profile role, combined with the ability to influence and motivate those involved in the project work and accounting activities.

Based in Basingstoke, you will report to the Division's Financial Controller and Treasurer (based in Belgium). Given the international dimension of the assignment, fluency in French would be a distinct asset.

We offer a competitive salary/benefits package including a company car, free life assurance and BUPA membership, a non-contributory pension scheme and assistance with relocation where appropriate.

Please apply in writing, sending a full c.v. to Janet Stapley, Personnel Services Manager at the address below:

**The Wiggins Teape Group Limited**
PO Box 88, Gateway House, Basingstoke, Hampshire RG21 2EE.
Tel: Basingstoke (0256) 842020

WIGGINS TEAPE

# HUMBERSIDE POLICE

## Director of Finance and Administration

## £30,960

This new civilian post has been created to give financial and administrative support to Humberside Police as a key part of the force's management process. The post complements two existing posts of Assistant Chief Constable and is at an equivalent level in terms of position and salary in the management of the organisation.

Reporting to the Deputy Chief Constable, the postholder will be responsible for the management and control of all financial, administrative and support services including civilian personnel and the vehicle fleet, and will contribute to the formulation of Force policy through membership of the Force Policy Group.

The police budget is approximately £53m per annum, with 1972 uniformed and 771 civilian personnel. The County Council through its Police Committee is committed to ensuring value for money while maintaining a high level of police service in the County. A number of recent initiatives promise an exciting and challenging future in meeting the demands facing the police service into the 1990's.

The successful candidate is likely to be a graduate or equivalent with an accountancy qualification and with several years' experience at senior management level in a large organisation.

Application forms, to be returned not later than 12th November 1987, job description and further information available from the Chief Executive.
Humberside County Council,
County Hall, Beverley,
North Humberside.
Tel.: (0482) 867131,
Ext. 3497.

*Humberside County Council*
Working towards equal opportunities

# ACCOUNTANT/COMPANY SECRETARY

A private investment company, based in London, with interests in Equities, Venture Capital and property is expanding its activities and requires a Company Accountant/Secretary. Total package 30K.

Applicants, preferably aged between 40-50, probably Chartered Accountants should apply with full details to Neil Cracknell, 5 Hillgate Street, London W8 7SP.

*Stockbroking*

# Operations Manager

*City* *c.£30,000*

One of Britain's major banks seeks an Operations Manager for its expanding stockbroking business based in the City.

Reporting to the Finance and Operations Director the person appointed will be expected to be responsible for the settlement of all the institutional equity agency and broker dealer principal business.

The ideal candidate for this important appointment will be within the age range of 25 to 40 and should have had previous London market settlement experience with proven managerial ability. However, applications are also invited from persons with relevant experience who are interested in developing their careers within this sector.

The remuneration package will include a performance related bonus and a non-contributory pension scheme. Sufficient flexibility exists to reward the outstanding candidate.

Please reply to Tish Cole in strict confidence, enclosing full personal and career details, quoting reference 5067/FT on both envelope and letter.

**Deloitte Haskins+Sells**
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

# UK FINANCIAL CONTROLLER

## ACA/ACMA 28-32

**W. London** **to £33k + car**

This dynamic organisation commands a pre-eminent position within the fiercely competitive field of computer leasing. Through the strategic realignment of their worldwide interests they aim to achieve market dominance through a highly aggressive global acquisition policy. The UK company is targetted to achieve £150m of revenue in 1988.

As a consequence they are now seeking to appoint a commercially minded individual to complement their young, high-profile Financial Management Team.

The role will include responsibility for the following key business areas:

- Financial Information
- New Business Evaluation
- Treasury Management
- Statutory Reporting Requirements
- Staff Development

Reporting to the UK Finance Director you will coordinate and manage a team of divisional financial controllers and have an overall responsibility for approximately 30 staff.

The successful candidate will be able to demonstrate a high degree of achievement in their career to date and possess the requisite interpersonal and technical skills to motivate and organise staff and management at all levels.

If you feel that you can respond effectively to this exciting challenge please call James Hyde on 01 930 7850 or alternatively write enclosing a detailed CV to the address below.

ROBERT • WALTERS • ASSOCIATES
EXECUTIVE SELECTION
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

# INSOLVENCY

## LOOKING TO BROADEN YOUR SKILLS?

Central London £12,000 – £18,000+

If you are experienced in some aspects of insolvency but would like to broaden your range of skills, we would like to hear from you.

As one of the foremost insolvency practices in London, we can offer challenging opportunities to insolvency professionals of differing levels with the expertise to handle a portfolio of work encompassing receiverships, liquidations, bankruptcies and administration orders.

Beyond this is the firm's policy to encourage professional and personal development through both formal training and varied assignment work.

If you are keen, personable, hard-working and want to get on, get in touch with us.

Please write with full c.v. to Bill Roberts,
Managing Partner, London Insolvency,
Ernst & Whinney, Becket House,
1 Lambeth Palace Road,
London SE1 7EU.

**E&W Ernst & Whinney**
Accountants, Advisers, Consultants

# FINANCE DIRECTOR

**London W.1. £35,000+neg.**

Our client is a young and fast growing USM company. It operates as a holding company, with exporting of consumer products and physical commodity trading presently constituting its lead activities. Strong niche markets are established in West Africa and the Caribbean; current acquisition strategy will broaden this base with the introduction of UK manufacturing, distribution and leisure operations.

Reporting to the Chief Executive, the appointee will play a major role in guiding the company's growth strategy and operating subsidiaries.

Candidates should have qualified as a chartered accountant and offer a breadth of experience of acquisitions and mergers. They must be able to demonstrate the ability to provide strong commercial support to a very lively, highly motivated Chief Executive whose success to date owes much to a "feet on the ground" approach to overseas trading and the ability to win the regard and commitment of both customers and staff.

Please send full career details, quoting reference H5339 to Mike Blanckenhagen.

KPMG Peat Marwick McLintock
Executive Selection & Search
9 Creed Lane, London EC4V 5BR.

# FINANCIAL CONTROLLER

**City Salary c.£35-40,000+car+substantial benefits**

We are recruiting for the London operation of a leading European banking group whose total assets exceed $5bn. The establishment of its London branch will expand the Group's activities in international capital and money markets to complement its successful commercial lending operations.

The Financial Controller will be a key member of a small senior management team. Reporting to the General Manager, the role will assume responsibility for all financial and management accounting and control. He or she will work closely with senior management advising on future financial strategy and policy decisions. The evaluation and risk management of new financial instruments will be a key requirement of the position.

Candidates will be qualified accountants who have gained experience of the financial services sector either within the profession or in a financial institution. They will have some knowledge and awareness of capital markets instruments and have experience of computer based accounting systems and banking software.

The role will require excellent communication skills and a flexible "shirt sleeves" approach. Candidates will enjoy the challenge of making a strong personal contribution to the growth and development of the new London operation.

Please write, in confidence, with full career and salary details, quoting reference U2658, to Joanna Corr.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

# Group Financial Controller

**c£25,000 plus Share Options** **Glasgow**

Our client is a well known Scottish based publishing and manufacturing group with world wide interests. Backed by aggressive management and technological leadership, profits have grown steadily, with turnover now exceeding £150 million.

Reporting directly to the Group Finance Director, the role embraces the overall management of the group accounting function through a staff of fifty. Key responsibilities include Group consolidation, financial and management reporting and preparation of statutory accounts as well as development of standards and systems.

The requirement is for a qualified accountant, preferably CA, with at least 5 years post-qualifying experience in the profession or at a senior level at the centre of a dynamic group. The successful candidate will be ambitious, possess drive and enjoy working in a demanding environment which calls for team leadership ability and highly developed communication skills.

Age: 30-35 years.

Please write in confidence to Ken Paterson as advisor to the Group:
Arthur Young, Corporate Resourcing,
17 Abercromby Place, Edinburgh EH3 6LT.

**Arthur Young** Corporate Resourcing
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

# *FINANCIAL CONTROLLER*

*£30,000 + CAR + BENEFITS* *NORTHERN HOME COUNTIES*

This expanding company in the Service Sector has all the hallmarks of its parent, an aggressively managed blue chip group. It employs the most advanced manufacturing and information systems to ensure optimum efficiency and current developments into new markets will add to an impressive recent growth record.

The position is crucial in this tightly controlled business. Reporting to the Finance Director, you will provide the interface with other functions and manage a team of fifteen people. You will play an active part in commercial decisions combined with exercising cost control over budget holders, as well as taking responsibility for the provision of sophisticated management information.

Candidates must be qualified accountants and are likely to be in their early thirties. Your track record of increasing responsibility should include working closely with other functions. Intelligence, commercial judgement and determination will enable you to contribute in this fast moving organisation.

Please reply in confidence giving concise career, personal and salary details to Heather Male, quoting Ref. L307 at Slade Egor International, Metro House, 58 St James's Street, London SW1A 1LD. Tel: 01-629 8070.

International Search and Selection

SLADE EGOR INTERNATIONAL

# Young Financial Controller

## International Career

**Berkshire** **c.£22,000 + Car**

Our client is the European subsidiary of a major US multinational. With a worldwide turnover in excess of $6 billion they are major producers of dairy and other consumer products.

Due to internal promotion they now seek to recruit a Financial Controller. As part of a small head office team you will be responsible for the total reporting function of this multisite operation. Specifically you will be responsible for the provision of timely management information, budgeting, planning and forecasting.

The ideal candidate will be a graduate chartered accountant, aged 25-30, with two years' post qualification experience. Well developed communication skills, a strong personal presence and commercial awareness are essential qualities for this demanding role.

Interested applicants should write enclosing a comprehensive CV to **Stephen Doyle ACA** at **Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor SL4 1BG** quoting reference SV 1059.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

# European Finance Manager

**North London** **£ Excellent**

Our client is the UK based subsidiary of a North American interactive entertainments and media group. The UK subsidiary controls all European business, and is currently enjoying a period of rapid expansion and profit improvement.

Reporting to the Director of European Operations, you will be a key member of the management team. You will be expected to assume responsibility for managing the finance function and providing the financial advice and direction on the commercial aspects of their operations. This role will provide a challenge for an assertive qualified accountant with the experience and maturity to make a significant contribution to the continued development and expansion of their international activities, through strong financial management.

Candidates under the age of 30 are unlikely to have the business and personal maturity our client seeks for this demanding role. An absolute requirement is successful financial management and systems experience, preferably in a manufacturing or distribution environment, ideally within a US corporation.

A very attractive remuneration package is available which will include equity participation together with all normal executive benefits.

Interested applicants should write to **Barry Ollier ACA, Executive Division** and enclose a comprehensive curriculum vitae and telephone number at **39-41 Parker Street, London WC2B 5LH quoting ref. 463.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

# *CORPORATE FINANCE EXECUTIVE YOUNG ACCOUNTANT – ACQUISITIONS*

***c.£30,000*** ***Executive Car + Benefits***
***Guildford, Surrey*** ***Relocation Assistance***

Evered Holdings plc are *specialists in the acquisition of* industrial companies, succeeding by the implementation of shrewd financial management and reporting procedures. With a current turnover of c£250 million, they are seeking substantial growth throughout 1988 and beyond.

As a result of this success, they require a Corporate Finance Executive to be based at their superb offices in Guildford. A challenging range of responsibilities includes *establishing Group financial* controls and procedures within new acquisitions and assessing *the commercial future of newly* acquired companies.

A qualified accountant in your early thirties, you will have substantial "sharp-end" commercial experience, in addition *to considerable personal presence* and authority. A determined decision-maker, you should be prepared to make a heavy personal commitment to the success and profitability of the group and have a thirst for increased responsibility.

An excellent salary is offered, in addition to a wide range of benefits, including an executive car, share options and performance-related bonuses. Prospects for promotion are excellent and the seniority of the position *will develop in line with the* Group's expansion.

For futher information, *please contact Jane Easton on* 01-404 3155 or write to her at Alderwick Peachell and Partners Limited, 125 High Holborn, London WC1V 6QA.

Alderwick and Peachell & PARTNERS LTD

EVERED HOLDINGS PLC

# AN ACCOUNTANT BY PROFESSION... ...AN INNOVATOR BY INCLINATION.

**to £25,000 package & car** **N. London**

**Mortgage Express** is a recognised leader in the highly competitive mortgage market and an organisation whose dynamic, professional environment is based on a blend of exceptional financial expertise plus considerable entrepreneurial flair.

Today, more than ever, these qualities are allowing us to provide home buyers with highly attractive mortgage packages, and to respond to requests extremely rapidly.

As a direct result, we continue to grow and, to maintain this momentum as well as the quality of service for which we have become renowned, we need these qualified accountants.

Financial Accountant
Your prime responsibility will be to head a small financial team concerned with trade and statutory returns, MIRAS and the preparation of management accounts.

You will be an ACA/ACCA with some post qualification experience and used to being involved in initiating and implementing system changes and working closely with Operations Management.

Management/Systems Accountant
As part of a small, specialist team you will be involved with financial modelling covering both forecasts and mortgage product profitability.

Certainly, you'll be an ACCA/ACMA of 2/3 years standing and equally important, you'll be well versed in LOTUS 123. In addition, extensive liaison with line managers and system development personnel during the creation of various mortgage administration systems means a high degree of interpersonal skills is called for.

In all cases, the rewards package will include a highly competitive salary plus car and financial sector benefits such as cash mortgage subsidy scheme, free life insurance, non-contributory pension, profit sharing and generous holidays.

For further details and an application form, either telephone or send your c.v. to:
**Adrianne Janes, Personnel Officer,**
**Mortgage Express,**
**1 Lyonsdown Road,**
**New Barnet, Herts EN5 1HU.**
**Telephone: 01-440 8282.**

MORTGAGE EXPRESS
Mortgage Express is a UDT Company and a member of the TSB Group.

# FINANCE MANAGER

**Kent c.£22,000 + car**

Our client, part of a substantial shipping group, wishes to recruit a Finance Manager to set up and run the accounting and reporting department to control two rapidly growing ro-ro operations based in South East England.

The Finance Manager will be responsible to the Managing Director for setting up the systems, recruiting staff, establishing financial controls and reporting procedures, and monitoring results and cash-flows against budgets. The Manager will be responsible for the efficient operation of all financial aspects of the business and will be an active member of the company's management team.

Candidates should be young qualified accountants with the maturity, drive and initiative to meet this challenging task and the ambition to grow with the business. The post will involve some travel. In addition to the salary the package includes a quality car and generous benefits.

Please write in confidence with full career details, quoting ref. M6416/3 to John W. Hills or Jane Woodward quoting ref. W3719.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

# Treasury – a Golden Opportunity to Spring to the Top

**London** **Salary up to £25,000**

- Blue chip multi-national
- Fast moving and non-bureaucratic
- Management potential
- Broad treasury role
- Flexibility and creativity

*Our client is a dynamic UK based multinational* operating in the branded consumer products sector. Expansion has led to the need for a Treasury Accountant to join the corporate treasury team within the Group Finance Department.

Responsibilities are wide ranging and will include reporting on the Group's borrowings, interest charge, currency exposure and cashflow, investigating new financing techniques and producing financial and management information for Treasury companies.

If you are a qualified accountant with two years PQE, preferably in a treasury role, and have experience of computerised accounting systems, you should consider seriously the experience and career potential offered in this forward-thinking and lively organisation. A flexible and creative approach is essential.

Interested applicants should write in strict confidence to **Pippa Curtis**, enclosing a comprehensive CV, at **Douglas Llambias Associates, 410 Strand, London WC2R 0NS** quoting reference no. 8096.

OFFICIAL SPONSOR BRITISH OLYMPIC TEAM

FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS
DOUGLAS LLAMBIAS
LONDON LIVERPOOL MANCHESTER ABERDEEN EDINBURGH GLASGOW
DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9501

# Financial Planning Manager

**London** **to £40,000 + car**

*Our client*, a successful multi-national company, is looking for an experienced Manager to lead its Financial Planning team, based in its head office in London. The group has a high profile and its turnover and profits reflect its success. The capital expenditure is currently above £100 million per annum.

You will lead a high calibre team whose role is to control the group's financial planning policy, monitor and report on the financial plans of subsidiary companies, review and control capital expenditure proposals and commitments, and undertake special projects.

You must be a graduate or MBA, Chartered Accountant, aged 30-40, who has worked in financial planning at a senior level in an international group. You must be a highly motivated manager who has strong leadership qualities and can demonstrate first class technical and interpersonal skills.

This is a key appointment which offers significant career development potential.

If you are interested, please write in confidence to Stuart Adamson FCA, enclosing a full career resume, at Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Tel. 0532 451212.

ADAMSON & PARTNERS LTD.
Executive Search and Selection

# Financial Controller

**City** **to £35,000 + Car**

Our client, at the forefront of technological development of state-of-the-art banking systems, is seeking to recruit a Financial Controller.

Reporting to the General Manager you will be responsible for the production of monthly financial statements and their presentation to the Board, for *providing annual budgets and monitoring* performance against them and for assessing and controlling capital expenditure. In addition your remit will encompass overall corporate procurement, administration including property management and security together with responsibility for secretarial issues.

Suitable candidates will be aged 35 to 45 and be able to demonstrate excellent communication skills. In addition they must possess maturity, professionalism, strong management skills and be capable of contributing to the overall management and policy-making of the company.

*You will be a qualified accountant and ideally have* experience of working in a financial institution.

Interested candidates should write, enclosing a comprehensive curriculum vitae quoting ref. 462 to **Philip Rice MA, ACMA, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

# Director of International Audit

**THAMES VALLEY**

**circa £33,000 + CAR + Full Benefits Package**

Our client, a major North American Corporation, is involved in the design and manufacture of fully digital telecommunications and information management systems.

As a result of rapid world wide expansion, they now wish to appoint a Director of International Audit who will be responsible for the internal audit function, covering the whole of Europe and the Far East.

Candidates for this high level managerial appointment will be qualified accountants, who have gained excellent audit experience, either in public practice, commerce, manufacturing or high-technology industries.

**Please send a full C.V. with handwritten covering letter to Mr. R. N. Collier quoting reference: N328.**

MOORES & ROWLAND

50 St. Andrew Street, Hertford, Herts. SG14 1JA

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

## APPOINTMENTS ADVERTISING

£43 per single column centimetre

Premium positions will be charged £52 per single column centimetre

*For further details call:*

*01-248 8000*

**Tessa Taylor** ext 3351

**Deirdre Venables** ext 4177

**Paul Maraviglia** ext 4676

**Elizabeth Rowan** ext 3456

# Planning Manager

## West of London

## c£30,000 + car + share options

This highly successful major retail company (t/o 700m) has an impressive growth record which is expected to continue.

This role has involvement in decision making at board level and responsibility for a small professional team.

Due to promotion they seek a graduate calibre accountant, age indicator 28-33, who should have:

- The strength of personality to operate at senior executive level and in a pressurised environment.
- Proven experience of commercial decision making coupled with analytical skills.
- A creative and persuasive communicative ability.
- Experience within marketing orientated companies.

For an individual possessing these qualities the career prospects are excellent. Relocation assistance will be available if required.

Please write enclosing full resumé quoting ref: 148 to:-
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.
Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

# Financial Manager

**KENLEY SURREY** **£25,000 Package + Car**

Our client is a rapidly developing group of printing businesses providing a high quality service to mainly blue-chip customers.

An excellent opportunity has arisen for an energetic qualified accountant to join the management team of this dynamic and profitable group.

The successful candidate will be experienced in the running of an efficient accounting function and will be conversant with multi-user accounting packages running on a mini-computer.

An attractive package is offered and future prospects are excellent for a candidate who can demonstrate an ability to play an increasingly responsible role in the company's exciting development plans.

**Please write in confidence with full CV to Mr. B. E. Ayres quoting ref. L324.**

MOORES & ROWLAND

50 St. Andrew Street, Hertford, Herts. SG14 1JA

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

# Finance Director

**HOME COUNTIES** **c £30,000 & Full Benefits Package**

Our client is one of the Country's leading building contractors specialising in high quality residential property within London and the Home Counties.

The Group are now planning to expand their operations significantly in accordance with their recently defined Corporate Strategy.

A young qualified accountant is now required to head up the finance and accounting function and play a major role, at Board level, in the overall development of the business.

Candidates should be aged between 28/35 years and will have gained first class commercial/industrial experience since qualification.

**Please send a full C.V. with handwritten covering letter to Mr. R. N. Collier quoting reference: B231.**

MOORES & ROWLAND

50 St. Andrew Street, Hertford, Herts. SG14 1JA

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

# PLANT ACCOUNTANT

**SIDCUP, KENT** **to £20K plus car**

LSI Logic Limited is the UK subsidiary of the California-based LSI Logic Corporation – the world leader in the supply of custom-designed complex microchips for advanced applications. At the Company's brand new production facility we have reached the stage in our start-up programme where we need an experienced Plant Accountant to support local Management on a wide range of finance-related activities, with particular emphasis on cost accounting. The position will report to the Company's controller who is based at Head Office in Bracknell, and there will be a strong 'dotted line' responsibility to the Plant Manager at Sidcup.

We would prefer a qualified or part-qualified Accountant (CIMA or CACA), but experience is more important. At least five years' background in Manufacturing industry is essential, with a strong preference for the electronics industry. You must have substantial costing knowledge, and experience in other areas would be useful. These include spreadsheet work, customs and purchasing processes, and working as part of a start up project. The job calls for a mature personality, and the ability to work on your own initiative under conditions of some pressure. The preferred age range is 25 to 35.

In addition to the salary and car indicated, the package will include a range of attractive fringe benefits.

If you can offer the experience required and you like the sound of the challenge, please send your C.V. to:

O.D.V. Rowlands, Director of Personnel,
LSI Logic Limited,
1 Maidstone Road, SIDCUP,
Kent DA14 5HU

LSI LOGIC

# Computer Audit Management

## Invest in your future

## to £23,000 North West

The financial revolution has created many exciting new changes which affect the way we operate and manage our business as well as providing tremendous scope for career development.

Within this highly progressive and expanding sector, Girobank have established a reputation as a major UK bank, and as the range of facilities continues to expand, we place increasing importance on providing accurate and secure customer service. To achieve this aim we have made significant investments in advanced technology including a phased migration to IBM hardware; we also operate ICL and Tandem mainframes.

In order to meet the needs of this dynamic and fast-moving environment, we are now seeking to strengthen our Computer Audit team by appointing a senior member of the Audit and Inspection Division. You may be a qualified accountant who has had exposure to computer systems and has a broad understanding of systems development techniques, and who would now like to develop a career in this direction. This is also an exceptional opportunity for someone with a number of years computer audit experience wishing to take the next step up.

Whichever your background, you will enjoy responsibility for ensuring that the Bank's computerised audit systems (existing and those under development), function effectively and comply with acceptable standards. You will also be expected to liaise with senior management, therefore, good communication skills are essential.

After all this, if you still want even more challenge, Girobank can offer you excellent opportunities to develop your career in the Audit, Finance or Information Technology areas.

In addition to a highly attractive salary we offer a range of benefits including generous holiday allowance, a contributory index-linked pension scheme and relocation assistance where appropriate.

Please send a c.v. or telephone for an application form to: Paul Wildes, Management Appointments Manager, Girobank, Bridle Road, Bootle, Merseyside, GIR 0AA. Tel: 051-966 2487.

Girobank

# SMITH · KEEN · CUTLER · LIMITED

# FINANCIAL CONTROLLER

**Birmingham** **c.£25,000 + Car + Benefits**

Smith Keen Cutler Limited are a major provincial firm of stockbrokers, based in Birmingham city centre. The Company, which currently employs 160 staff, has a most impressive plan for continued expansion.

A new post of Financial Controller has been created for an ambitious and personable Chartered Accountant. Excellent technical and man-management skills will be essential to successfully achieve the objectives of this demanding role, which are:

- the co-ordination of all financial controls, to ensure that accurate information is available, within tight timescales.
- the motivation and organisation of the firm's accounts staff.
- to become a member of the firm's management team and make a positive contribution to the commercial running of the business.

Applicants should possess a track record of accomplishment to date, with a good academic and professional background, possibly followed by a period with a service company.

Excellent promotion prospects are available, coupled with a first rate benefit package including car, mortgage subsidy, group profit sharing and non-contributory pension scheme.

Please apply, in writing with full career and salary history details, quoting reference B/085/87 to Louisa Chapman.

KPMG Peat Marwick McLintock
Executive Selection
Peat House, 45 Church Street, Birmingham B3 2DL.

# CHIEF ACCOUNTANT

**Hampton** **£ negotiable + car**

The Sloggett Group is engaged in a wide variety of construction activities which include a rapidly expanding Property Development Division at Hampton.

This Group now requires a qualified Accountant (ACA or ACCA) ideally with some experience in the Property Development and Investment field, to work closely with the Managing Director. Management accounts, reports and budgets are produced and monitored on a monthly basis, and the postholder will also take responsibility for financial accounts' company secretarial administration, and establish new systems.

An enthusiastic, shirt-sleeves approach is required. This is an excellent career opportunity to be a key member of a Group that has achieved considerable growth and foresees continuing expansion in the future.

Please write, enclosing a career/salary history and daytime telephone number to Mr D. K. Sloggett, Managing Director, Sloggett Group, 209 High Street, Hampton Hill, TW12 1NR. 01-977 9261.

SLOGGETT GROUP

# EMA

## COMPANY ACCOUNTANT
## LONDON BASED
## EXCELLENT SALARY PACKAGE

Our multi-national client requires a qualified accountant for its Head Office in London.

Reporting directly to the Company Secretary you will be responsible for the management and development of a growing department.

The successful candidate must be able to communicate and liaise effectively with other areas of the business and at all levels.

If you are looking for a career opportunity that has the potential to make what you want of it, please send your CV and a day time telephone number in confidence to M. Aylen:

**EMA Management Personnel Limited**
**46 Kingsway, London WC2B 6EN**
**01 242 7773**

ANDREW BROWNSWORD

The Funniest Name in Greetings Cards!

# Finance Director

**Bath** **c£35,000 + Car + Benefits**

The Andrew Brownsword Collection is a market leader in the fast moving and highly competitive business of Greeting Cards and other paper products. They have achieved remarkable and consistent growth in turnover and profits and now wish to appoint a Finance Director to help realise the full potential of the Company.

They seek an energetic individual who will work well as a key board member of a small but dedicated team, having a significant impact on the strategic management of the Company as well as the development of the accounting function. Financial appraisals of potential acquisitions and of new developments will also be key responsibilities.

The successful candidate will be aged 35-42 and a graduate chartered accountant.

Sound commercial acumen, assertiveness and good inter-personal skills are essential. The desire to become involved in the total management of the Company will be supported by an impressive record of achievement so far.

The remuneration package includes an executive car, profit-related bonus, share options, other benefits and assistance in relocating to one of the most attractive cities in England.

All applications will be forwarded to our client; however, in the first instance candidates should submit a full C.V. quoting ref. ABC, to Wayne Thomas, Executive Division, Michael Page Partnership, 29 St. Augustine's Parade, Bristol BS1 4UL.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
*A member of Addison Consultancy Group PLC*

*"Spearhead our Financial Initiative in a Corporate Accountancy Role"*

# FINANCIAL MANAGER

***Based: Oxfordshire*** ***Salary c£18,000***

The Agricultural Division of J. Bibby & Sons plc are currently recruiting a FINANCIAL MANAGER, to take a significant role in determining the financial strategy of our Agricultural Products sector.

Reporting to the Managing Director, the responsibilities will include: maximisation of capital resources; control of the Treasury function; preparation of and commentary upon corporate plans, budgets and the consolidated management accounts; IT applications; and overall accounting standards and systems.

You should be a qualified Accountant, with significant commercial management experience, and will demonstrate an innovative and independent approach to financial management.

In return we offer an excellent salary and benefits package, plus relocation where appropriate.

**Please send CV with details of current salary to:**

**Miss L. A. Fleming,**
**Personnel Services Manager,**
**J. Bibby & Sons plc,**
**Agricultural Division, Adderbury,**
**Banbury, Oxon OX17 3HL.**

BIBBY

AGRICULTURAL DIVISION

# Oil Industry Tax Specialist

- Total Commitment
- Total Professionalism
- Total Energy

Total Oil Marine is a substantial North Sea operator and part of the worldwide TOTAL energy group. We supply around one third of the UK's natural gas and have a continuing programme of offshore exploration, development and production. Our attention is currently focused on the Alwyn North field, which will be an important new source of oil and gas for Britain when it comes on stream later this year.

Against this background of growth, an immediate need has been identified for a Tax Specialist to strengthen the existing corporate tax team. Based at its West End Headquarters and reporting to the Head of Corporate Tax, this individual will provide professional advice to senior management on all tax matters and will also be responsible for a small compliance team.

The appointment requires a sound knowledge of UK oil taxation including petroleum revenue tax. It is likely to appeal to individuals who are either currently working within the tax function of a major oil company, or within the Inland Revenue, who seek a front-line, high-profile opportunity to demonstrate their ability.

The salary for this key position is highly attractive and career prospects are excellent.

**To apply please write with your full C.V. to Alison Musgrave, Head of Personnel, Total Oil Marine plc, Berkeley Square House, Berkeley Square, London W1X 6LT. For an informal discussion telephone 01-493 6904.**

TOTAL

Total Oil Marine

# *Accountant-Development/Acquisitions*

*Peterborough* *Negotiable to £20,000 + Car*

## *The Client*

The Thermal Securities Group is a rapidly expanding private group of companies operating predominantly in the consumer durables market, which has a current turnover in excess of £30 million p.a. and an impressive profit growth record to date.

## *The Position*

Reporting to the Group Finance Director the successful applicant will mainly be involved in investigations, appraisals and recommendations to the Group Board in respect of acquisitions and other significant development areas. In addition the position involves assisting the Group Finance Director with all Group reporting and management information.

## *The Person*

Applicants should be qualified Chartered Accountants aged 28-35 who can demonstrate commitment, potential, ambition and commercial flair. Candidates with previous experience of investigations, gained either in the Profession or Industry, would have preferential consideration.

## *The Rewards*

The package indicated is negotiable and reflects the importance of the position. It will include those benefits normally associated with a senior management role in a progressive organisation, including relocation expenses where necessary.

*Interested? Contact Andy Farr on 021-233 4450 (office hours) 021-474 4346 (evenings and weekends). Alternatively write enclosing a comprehensive C.V. to the address below.*

*Nicholas Andrews*
*Specialists in Financial Recruitment*

*Nicholas Andrews,*
*Herbert House,*
*71 Cornwall Street,*
*Birmingham B3 2EE.*
*Telephone: 021-233 4450*

# *Finance Director Designate*

## *Consumer Products*

*c.£25,000 + car* *North Home Counties*

A rapidly developing company specialising in design, assembly and marketing of a range of high quality domestic products for the retail market requires a Finance Director Designate. You will be responsible for control of the finance function within the company and its separately managed subsidiaries. An early priority will be further development of systems to ensure full control is maintained during a period of growth and change.

A qualified Accountant (aged 28-35), you will probably be responsible for the finance function in an equivalent-sized business (£6m + turnover). Experience in the development of computer systems for financial control is important. Ideally, you will be familiar with a business using MRP-based procurement and assembly systems, and where the interface with its customers, major retail groups, is critical.

In return, a substantial rewards package is offered together with comprehensive benefits which include relocation expenses where appropriate.

Please write with full personal and career details to Confidential Reply Service, Ref 9686, *Austin Knight Advertising Limited,* 17 St. Helen's Place, London EC3A 6AS.

Applications are forwarded to the client. Please list any companies in which you are not interested in a covering letter.

*Austin Knight Advertising*

# GROUP CHIEF ACCOUNTANT

London Area c£20,000 + car

We are a rapidly expanding group of companies who are leaders in the pro audio industry. We have recently won the Queen's Award for Export Achievement and intend to go to the 'market' in 1988.

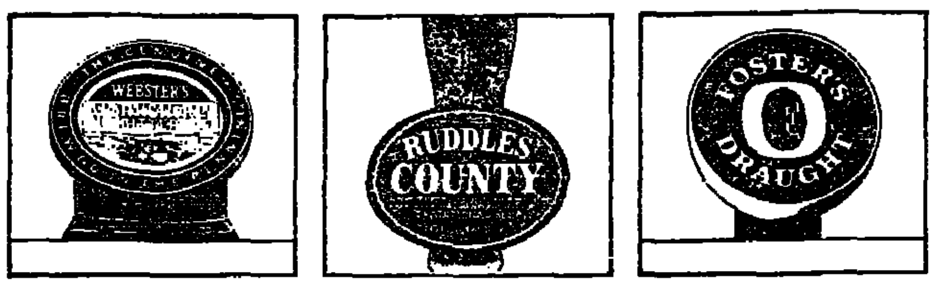
We need a qualified accountant with the ability to organise and control our information systems as well as communicate with our young management team. A commercial background would be an asset.

You should have experience of computerised accounting systems, export procedure and the flair to develop the financial function within the Group. The successful candidate will have every opportunity to join the Board in due course.

The remuneration package includes a car together with profit sharing, pension and healthcare schemes.

*Apply with full CV to:* Philip Goodmaker & Co, Chartered Accountants, 16 The Broadway, Stanmore, Middlesex HA7 4DW

# Take a look at Manns & Norwich!




# CHIEF ACCOUNTANT

c.£20k + car Northamptonshire

Look at the Manns and Norwich Brewery Company and you see one of the largest forces in Central and Eastern England's brewing industry. Today we have 1300 tied houses in our estate and 2000 free trade accounts.

Link this to our membership of the Watney Mann and Truman Brewers Group and a product range that includes names like Websters Yorkshire Bitter, Ruddles County, Fosters, Holsten and Budweiser and it's easy to see why this company's future looks prosperous and exciting.

We're now looking for an ambitious, fully qualified Accountant, aged 28-35, to join our senior management team.

Reporting to the Finance Director, you will take responsibility for collating and issuing financial, management and statutory accounts. *In addition you will* provide general financial advice within the company, assist in the implementation of replacement computerised systems, and as a member of a select management team, be involved in key projects in all aspects of the business.

This is a crucial appointment. To succeed you will need drive and initiative to back your sound experience. Effective man management skills are also essential coupled with personal growth potential to board level.

We offer an attractive benefits package, including salary as indicated, a fully expensed company car, private medical cover, free life assurance and relocation expenses as appropriate.

Please forward full CV to: Chris Pollard, Resourcing & Development Manager, Manns & Norwich Brewery Co. Limited, Lodge Way, Harlestone Rd., *Northamptonshire* NN5 7UU.

MANNS & NORWICH BREWERY Co LTD

# GUINNESS FLIGHT GLOBAL ASSET MANAGEMENT

## CHIEF ACCOUNTANT – GUERNSEY C. £25K PLUS CAR

This is an exciting opportunity for a young, ambitious accountant aged between 25 and 30 to gain experience of investment management, together with major systems development and implementation.

Guinness Flight Global Asset Management, a part of the Guinness Peat Group, has an acknowledged reputation in international asset management and is particularly well known for Managed Currency Funds, handling over 40% of the market sector.

You will be an accountant with up to three years post qualification experience, with preferably a knowledge of the unit trust business. You must be prepared to take a hands-on-approach where necessary and have the relevant stamina, enthusiasm and financial skills required to handle the rapid development of the business.

The benefits' package is generous, including subsidised mortgage and the normal banking benefits. Guernsey income tax is 20% and a resident's housing license is available which will give access to moderately priced housing.

**Please reply in writing with a full C.V. to**
**Veronica Burwood, Personnel Manager,**
**Guinness Flight Global Asset Management Limited,**
**32 St. Mary at Hill, London EC3P 3AJ.**

# Financial Career Opportunities

J. I. Case is one of the world's leading manufacturers of agricultural and construction equipment with major interests in Europe including assets of $1.5 billion, 15,000 employees, twelve manufacturing plants and over 2,000 dealers and company stores. Case is part of Tenneco, one of the fifty largest industrial companies in the world. We need to fill two key positions based at our European headquarters in Walton-on-Thames, Surrey. Both report to the Financial Controller, Europe.

## MANAGER FINANCIAL ANALYSIS (PRODUCT) EUROPE

### c£22,500 + Car

Your main responsibilities will include monitoring product costs, pricing and margins; maintaining and documenting transfer price application and representing Finance in product planning activities. Applicants for this challenging position will have a record of success in these fields and experience in a manufacturing environment.

## MANAGER FINANCIAL POLICIES & CONTROLS EUROPE

### c£22,500 + Car

You will be responsible for developing, implementing and maintaining standard policies, procedures and methods to ensure effective controls and administrative rationalisation. This role offers a particular challenge created by the recent merger of three major companies with diverging policies and procedures. Candidates will show a record of success in this area and preferably have experience in auditing.

For both positions you will need to be computer-literate accountants with a professional qualification (ACA, ACCA, ACMA or equivalent). International experience and familiarity with U.S. accounting and reporting principles would be a decided advantage.

In addition to the salary and car we offer a contributory pension scheme, 25 days annual leave, free BUPA membership and other benefits. Career development prospects are excellent. *If you meet our requirements, please write, in confidence, with a comprehensive CV and your contact telephone number, to:*

J I Case
A Tenneco Company

*... Philip Page, J. I. Case Europe Ltd., Case House, P.O. Box 89, 85/89 High Street, Walton-on-Thames, Surrey, KT12 1DL. Or phone Walton (0932) 223327, quoting reference A1.*

case

# Controller, Finance

## £ negotiable + Company Car

*EMI Records (UK) is a division of EMI Music worldwide with music companies operating in 34 countries. The UK division is involved in acquiring and developing artists for sales worldwide as well as marketing and selling in the domestic market.*

*We are looking for a young, dynamic Controller of Finance with the necessary experience and commercial acumen to take overall control of our finance division, spanning 4 departments and 30 staff.*

*Your operational skills must be first rate since you will be responsible for the consolidation and co-ordination of management accounts, budgetary forecasts as well as credit control, cash management and a range of ad-hoc projects. You will also be involved in the training and development of key finance staff so good communication and motivational skills are essential.*

*You will be a qualified accountant with several years management and commercial experience under your belt. The overriding need, however is that you will enjoy working in the fast moving entertainments/music field, and be able to contribute your own ideas and energy to our existing systems and culture.*

*This is a new position within the Company and as such will offer the right candidate not only an excellent salary and benefits package but also the opportunities for career advancement within EMI Music worldwide.*

*Please write with full details of your career to date to:*

*Barbara K. Rotterova,*
*Senior Personnel Officer,*
*EMI Records (UK),*
*20 Manchester Square,*
*London W1A 1ES.*

EMI
A THORN EMI company

# FINANCIAL CONTROLLER STOCK EXCHANGE COMPANY

An expanding financial services group requires a financial controller for its stockbroking subsidiary.

Candidates should be qualified accountants with some post qualification experience. The successful candidate will oversee all aspects of financial control systems, including credit control and budgetary disciplines.

A salary of £20,000+ together with an interesting benefits package is envisaged.

Send a full CV to:
**The Managing Director,**
**Box A0707, Financial Times,**
**10, Cannon Street, London EC4P 4BY**

# CORPORATE ACCOUNTANT

**Applied Communications Inc of the USA, the world's most popular EFT software Vendor is seeking a highly qualified dynamic and ambitious young Accountant for a two year special assignment in connection with a US related project in the UK, working out of Applied Communications UK Ltd offices in Watford. The ideal candidate will have a degree level US accounting qualification, at least four years general accounting experience, and an intimate knowledge of US accounting procedures and income tax matters. A CA qualification and first hand experience in the use of computers would be an advantage. A competitive salary and excellent benefits package will be offered to the right candidate. Please reply with CV to:**

*Box A0712, Financial Times,*
*10 Cannon Street, London EC4P 4BY*

# Financial controller

## Croydon
## c£18,500 + Car + Benefits

We are weekly newspaper publishers publishing 12 titles with a turnover in the region of £9m. This new position has been created as a result of the continued growth of the company's products.

The successful applicant will be responsible for the operation and co-ordination of all financial functions, will control a staff of 20, report to the finance director and be expected to further develop our computerised systems. Responsibilities include preparation of monthly and annual accounts, statutory accounts, tax comps, cash flow, budgets and auditing.

This is a senior position and the job holder will be expected to make a positive contribution to the management of the business.

Applicants should be qualified accountants with good post qualification experience.

*Please write with a full C.V. to:*

**C. M. Lewis, Director & General Manager,**
**Croydon Advertiser Group Limited,**
**Advertiser House, Brighton Road, South Croydon,**
**Surrey CR2 6UB.**

# CHIEF ACCOUNTANT/FINANCE DIRECTOR DESIGNATE

**South/West Yorkshire c£16,000 + Profit Share and Car**

The company is a long established and successful manufacturer of quality products and is a member of a substantial group.

Financial control is of paramount importance and the position will suit an ambitious and committed shirt-sleeved accountant with a positive attitude to responsibility.

Candidates must be qualified accountants (ACA, ACMA, ACCA) aged 25-35, capable of implementing financial controls as well as taking an active part in the general management of the company including the continuing development of computer based systems.

*Rewards include an excellent remuneration package with attractive profit share and appointment to the board.*

*Applications should be addressed to:*
**J. W. Armstrong C.A., Newship Group, Ltd., Clive House, 12-18 Queens Road, Weybridge, Surrey.**

# IS YOUR C.V. HITTING THE RIGHT DESK

The CEPEC Recruitment Guide lists nearly 300 recruitment agencies and search consultants specialising in professional and executive appointments. Details include areas of business, job function and salary and management levels with which each organisation deals.

*Price £10.95. For further details phone 01-930 0322/0904 642490 or write to:*

CEPEC
the centre for professional employment counselling

**The CEPEC Recruitment Guide, CEPEC Ltd, Sundridge Park Management Centre, Bromley, Kent BR1 3JW.**

# Expanding Oil and Gas Company

## Development Opportunity in Tax

### Attractive Package

### London

Our client is a highly successful subsidiary of one of the world's largest oil groups. It has substantial operations worldwide and an active development and exploration programme in key areas of the North Sea, both in the UK and the Netherlands. It is presently operating producing fields in the southern basin and is expanding rapidly as a result of current development projects.

Reporting to the Senior Taxation Advisor, the position of Taxation Accountant is a new post in which the appointee will be fully involved with the Company's European tax affairs. Specific tasks will include both accounting oriented work such as financial planning and forecasting and pure taxation including Corporation Tax and PRT. An integral part of the role will be to provide accurate information and resolve queries with business partners, operational management and external bodies.

You will probably be a qualified accountant with experience of oil industry accounting aiming to enhance your commercial skills in the tax field. Knowledge of oil taxation would be useful but is not essential. Ideally aged in your twenties to early thirties, you will be a good communicator with strong analytical and organisational abilities. You will have a high level of personal motivation and commitment which will enable you to take full advantage of the opportunities presented by this role.

In return the company offers a highly competitive salary and benefits package with excellent promotional prospects in a stimulating environment.

Please reply in confidence, giving concise career, personal and salary details to:
**Judith Richardson, Ref ER 961, Arthur Young Corporate Resourcing, Citadel House, 5-11 Fetter Lane, London EC4A 1DH.**

**Arthur Young** Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

# ASSISTANT FINANCIAL CONTROLLER

## c. £25,000 + Car Central London

*Our clients are a young, lively, progressive group,* quoted on the USM and operating internationally in the field of minerals and hydrocarbons. Established some ten years ago and employing over 100 people, they have built their reputation through oil and gas exploration and production in Europe, USA and the Far East. They have been careful however to broaden their base, and their recent discoveries of gold in Africa and Australia are likely to generate significant profits over the next few years.

They now require a qualified accountant with up to 3 years PQE to join the financial management team as Assistant Financial Controller. In addition to responsibility for the day to day management of the accounts department and the production of regular financial and management information, the role also entails upgrading the computerised systems, close liaison with the controller on acquisition studies and strategy reports, and occasional visits to each of the main sites overseas.

Personality and sound technical abilities are of more importance for this role than previous experience of the industry. Candidates should be young, self-assured and capable of working on their own initiative. Ability in the use of spreadsheets is important, as is evidence of team management skills.

Based in the West End, this appointment carries an attractive remuneration package including a car, and offers genuine prospects of career progression.

Applicants should write in confidence enclosing a *full CV including salary details and quoting* reference no C7668 to Paul Carvosso.

**KPMG** Peat Marwick McLintock

Executive Selection and Search
*9 Creed Lane, London, EC4V 5BR*

*Accountants seeking recognition ...*

# MERCHANT BANKING

### Corporate Finance

This blue-chip British merchant bank is one of the City's most prominent Corporate Finance specialists. The need to grow with increasing business volumes has resulted in the current position which represents a superb entry-point for the "Big 8" trained Chartered Accountant to be fully involved in the team's Corporate Finance activities — particularly flotations, listings, mergers, and acquisitions. To sustain the team's excellent reputation in today's highly competitive market you will need to demonstrate a high level of commercial awareness and first class achievement levels to date.

### Swaps Accountant

Our client is a prime name U.K. bank, with a *high profile in both commercial and investment* banking.
The continued success of its trading function has created an excellent opportunity for a newly qualified Accountant. As a key member of a professional team you will take responsibility for assessing all aspects of the bank's interest rate and currency swap activities.
Developing accounting policies for new products the successful candidate must be an excellent communicator capable of dealing confidently at senior levels within the bank.

***For further information please contact***
***Felicity Hother or Anita Harris on 01-606 1706 or send a C.V. to Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.***

*Financial Recruitment Specialists* Anderson, Squires

# FINANCIAL CONTROLLER

## West Yorkshire c. £25K + car

Our client is a successful and expanding Yorkshire based plc in the engineering sector. Arising from a recent reorganisation, the group now need to recruit a Financial Controller for a £10 million turnover manufacturing division — an operation which has developed rapidly in recent years.

The successful candidate will be responsible for all aspects of financial control in a fast moving commercial environment. The position requires a person with a flexible approach, capable of adopting a shirtsleeves style but at the same time able to operate at board level in providing strategic advice, and in assisting with the general management and development of the business. The ability to work accurately under pressure is essential.

Candidates, aged between 28 and 40, should be qualified accountants with a minimum of five years experience in manufacturing industry. Experience of implementing computer systems is desirable.

Please write in confidence, enclosing a full c.v. to Alan Coppock, Executive Selection Division, quoting reference number L/748.

**KPMG** Peat Marwick McLintock

Executive Selection and Search
City Square House, 7 Wellington Street, Leeds. LS1 4DW.

Chrysalis

# NEW FINANCIAL MANAGEMENT OPPORTUNITIES

## Up to £25,000+car W1

The Chrysalis Group *has extensive interests in* the entertainment and leisure field and is one of the fastest growing businesses in its sector. Two young, *sharp accountants are sought to join the* central team led by the Group Finance Director. The Group's track record since going public emphasises the opportunities for personal development.

One will take responsibility for the financial management of the Facilities Division, which incorporates recording studios, TV and video production facilities and other related commercial activities. The other will handle treasury management for the Group, the *financial management of several interesting* subsidiaries and also share responsibility for central financial accounting. Both will have *some additional Group responsibilities* reflecting and supporting the fast pace of development and growth of the various businesses in the Group.

Candidates should be young qualified accountants ambitious for personal responsibility and a fast pace of life. Post qualification experience should be commercially oriented.

To apply, please send a c.v. to Mike Smith, quoting reference C7633.

**KPMG** Peat Marwick McLintock

Executive Selection & Search
9 Creed Lane, London EC4V 5BR

# Chief Accountant with Excellent Prospects

## Northampton • c£18,000 plus car

*This young company* has been *doubling* its turnover each year since 1984 and is now becoming a significant force within a successful expanding British Group. It supplies high quality fast moving consumer goods to High Street stores and large DIY sheds, as well as to its own retail outlets.

This newly created position will report directly to the Financial Controller and will eventually take full responsibility for the entire accounting function of a newly created division. It therefore offers immediate career development and excellent prospects for the future.

Interested candidates should be young qualified professional managers with good all round accounting ability. *Experience gained in a distribution environment* will be particularly useful as would a good understanding of computerised accounting systems, import documentation, and foreign exchange matters. The ability to work to tight deadlines is crucial.

The salary will not be an obstacle to recruiting the right person and in addition assistance with relocation expenses will be paid where appropriate.

Please write or telephone for an application form or send detailed CV to Philip Guy at the address below, quoting ref: PBM/1772/FT

**PA**

**PA Personnel Services**

*Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy*

6 Highfield Road, Edgbaston, Birmingham B15 3DJ
Tel: 021-454 5791

Rutland Trust PLC

# Young Management Accountant

ACA

**Age c25** **c£20,000 + car**

Rutland Trust is a rapidly expanding quoted financial services group. The four strategic growth areas are: Corporate Finance; Asset backed Financing; Insurance and Personal Financial Services and Professional Services. A unique opportunity has arisen to become the Management Accountant in the new Head Office in Knightsbridge.

Reporting to the Financial Controller the new man or woman is to be responsible for all aspects of management accounting and the provision of monthly information. There will be opportunities to assist in preparing budgets and developing computer systems. There will be investigations and corporate acquistions involving special reports.

Ideally this challenge will suit a young chartered accountant, possibly newly qualified who is now ready really to apply their knowledge and experience in a positive, tactful, yet pragmatic way. Those with a degree and a good understanding of systems will have an advantage.

Salary is negotiable. Prospects depend upon performance and future profitable growth.

Please send full career details to R. N. Orr, stating if in confidence, quoting reference M3571 or telephone for more information or a form.

**Roland Orr & Partners**
**Management Consultants**
12 New Burlington Street London W1X 1FF Telephone 01-439 6891

Accountants who can manage challenging projects in

# Large Executive Information Systems

## £30,000-£40,000 plus car

A leading international firm of Management Consultants seeks outstanding qualified accountants who can manage the development of some of the world's most advanced information systems.

The aim is to provide effective business solutions to meet the needs of users ranging from those in operating divisions to main boards.

Those who have had experience in installing large systems using leading software such as Pilot, Commander, GLM and MSA-GL will enjoy this challenge. With appropriate experience gained in either a line or support position, this could be an opportunity to make a really outstanding career move. After appropriate initial training, the opportunity is to lead multi-disciplinary teams, plan solutions and then manage the implementation. You would also be expected to make a significant contribution to our client's intensive US, UK and European Marketing and Development programme.

The remuneration package and prospects will not bar outstanding candidates.

Please write in confidence to R. N. Orr quoting Ref: M3582 or telephone for further information on 01-439-6083.

**Roland Orr & Partners**
**Management Consultants**
12 New Burlington Street London W1X 1FF Telephone 01-439 6891

# Group Financial Accountant

**South London £25K + Car + Bonus**

Our Client is a market leader in storage and distribution of retail goods and specialised equipment. The Group has experienced rapid expansion and intends to double its turnover within the next three years. A public quotation is envisaged in the medium term.

Responsible to the Group Financial Executive and based at Head Office your duties will include:

* Budgeting & Management Information
* Business Planning
* Treasury
* Systems Development

You will also be responsible for ad hoc assignments including such matters as Acquisition Analysis.

As a qualified accountant, aged 25-32, you will have already demonstrated a successful track record to date and be capable of working effectively under pressure within this demanding but challenging role.

Interested candidates should contact David Nicholson ACA on 01-256 5611 or write to him at Rochester Ltd., Moor House, London Wall, London EC2Y 5ET.

ROCHESTER
*International Search & Selection*

# Treasury Associate

## Foreign Exchange Accounting

Occidental Petroleum Corporation, a major international energy company, is seeking a professional for the key Treasury accounting post in its London affiliate which co-ordinates worldwide FX reporting.

Candidates will be well qualified accountants; a university degree and/or professional qualifications in business subjects is desirable. Previous corporate Treasury experience is needed, preferably in cash management or foreign exchange.

The job requires a clear conceptual and analytical grasp of FX accounting and the ability to communicate this effectively. Working within a highly professional FX team, the selected professional must achieve understanding and compliance with FX routines at numerous international locations, and must provide the accounting data for FX management.

A creative ability to maintain and develop computer processes for FX accounting is required; sound practical knowledge in both those areas is expected. Competence in the Symphony spread sheet is desirable.

The post will interest accountants wishing for advanced experience of FX accounting. The group offers career development opportunities in corporate Treasury and accounting worldwide. The salary will be competitive within a generous remuneration and benefits package.

Write in confidence with brief career and personal details to:
Clyde Sorrell, Employee Relations Dept.,
Occidental International Oil Inc.,
16 Palace Street, London SW1E 5BQ.

OXY

# FINANCIAL CONTROLLER

Accelerate your career

Bushey, Herts £22K + bonus and Executive Car

Europcar are Britain's biggest vehicle rental company and as part of their continuing growth are now seeking a Financial Controller who is ready to take the next major step in their career.

As a member of the Management team, reporting to the Financial Director, with your own staff of 30 you will be responsible for budgetary controls, financial and management accounts plus liaising with all external related bodies.

Aged around 28 you will be a qualified accountant, preferably chartered, with 2 years' experience in a commercial environment.

Being enthusiastic and flexible in your approach to problem solving both with people and figures are an essential pre-requisite of the position.

All interviews will be held with the client company but in the first instance please telephone Victoria Philpot on

01-405 9126

europcar rent a car

**PLANNED PRE-SELECTION SERVICES**
51-53 GRAY'S INN ROAD, LONDON WC1X 8PP

# RECENTLY QUALIFIED

## for rapidly growing division of retail group

**Central London £22,000 package + car**

Our Client is the property development division of a large and expanding retail based group, and is a profit centre in its own right. The division is fast growing both organically and by acquisition.

As a result of this growth, an excellent opportunity has arisen for a young qualified accountant. Reporting to the Divisional Financial Controller, the role encompasses a broad range of responsibilities which will include, preparation of monthly reports, statutory accounting for both UK and US operations, related company secretarial and tax matters and liaison with auditors, as well as playing an active part in new developments such as acquisitions and joint ventures both in the UK and US.

The position will be ideal for someone making a first move from the profession after qualifying, giving you the opportunity to build and capitalise on your experience in a highly autonomous role. You will need to be able to demonstrate the ability, potential and personal skills to make a successful career within the group.

The company offers an excellent package as indicated above, which includes substantial discounts from the group stores.

**Interested individuals should telephone Lorraine Scott on 01 439 6911 or write to her, enclosing a resume, at: Financial Management Selection Limited, 21 Cork Street, London W1X 1HB.**

*Financial Management Selection*
Specialist Search and Selection Consultants

# Senior Financial Recruitment Consultants

## London, Midlands, North

MSL International, the pioneer of executive recruitment in the UK over 30 years ago, has earned an excellent reputation for professionalism and client driven service in an increasingly competitive market.

The ambitious expansion of our Financial Recruiting Unit in London, the Midlands and the North means that we now urgently need senior qualified accountants capable of selling and executing top-level recruitment assignments in MSL's thorough and professional manner.

Probably in your thirties, you will need an outgoing personality as well as the ability to establish credibility at all levels. Flexibility of mind, sensitivity and a team approach are essential personal qualities.

The generous remuneration package will include a good basic salary plus profit sharing, car and the usual benefits.

Applications will be welcome from candidates with or without previous recruitment consultancy experience.

Please write enclosing full details including current salary to Nigel Bates FCA, quoting ref. B.34017.

**MSL International (UK) Ltd,
52 Grosvenor Gardens, London SW1W 0AW.**

*Offices in Europe, the Americas, Australasia and Asia Pacific.*

MSL International

# ACCOUNTING IN THE CITY

**MANAGEMENT ACCOUNTANT**
**to £30,000 + Bank Benefits**

An international merchant banking organisation, a major player in the world's financial markets, seek to recruit an ambitious qualified accountant. You will be responsible for enhancing group management information and developing specific MIS for the stockbroking and market making function. You will be aged 28-32, have at least 3 years experience in securities/trading environment and a proven ability in MIS development. AF0541

**DEPUTY CHIEF ACCOUNTANT**
**c£24,000 + Bank Benefits**

Due to recent promotion a leading UK stockbroker, part of a multinational banking organisation, seek an eager and thorough individual for this key post. Responsibilities include financial control, the production of market reports, liaison with the parent company and the preparation of statutory accounts. You must be qualified, under 30 and have had direct contact with the securities industry. RS0548

**PLEASE TELEPHONE 01-256 5041** (out of hours 01-385 9023)
**OR WRITE TO THE ADDRESS BELOW**

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, LONDON EC2A 1AD.

# MANAGER INTERNAL CONTROL

## £25,000 NEG

A Stockbroking subsidiary of a major financial services group requires an internal controller to redevelop and take responsibility for the operational accounting and compliance functions of the company.

Applicants should preferably be qualified accountants in their early 30's, possessing several years experience in the securities industry. The ability to prepare financial reports in accordance with Stock Exchange requirements and the Companies Acts is essential, together with experience of computerised systems, preferably C.C.F.

Benefits include: Company car; 27 days holiday; profit share; mortgage subsidy and other banking benefits.

Please write to M. Blundell Jones, Portman Recruitment Services Limited, 13/14 Great St. Thomas Apostle, London EC4V 2BB.

PORTMAN
Portman Recruitment Services Limited

# Hoggett Bowers

*Executive Search and Selection Consultants*

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR

*A MEMBER OF BLUE ARROW PLC*

## *Management Accountant*

***West End, £20,000, Car***

Our client, a rapidly expanding company in the leasing industry, requires an experienced accountant to take responsibility for the day-to-day running of the Accounts Department, to assist in the preparation of management accounts and to be closely involved in the changeover to a computerised accounting system. The successful applicant will work closely with and report to the Group Chief Accountant. Candidates must be able to demonstrate a thorough working knowledge of computerised accounting systems within a small company environment and be experienced in directing and motivating staff.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to *A.T. Matthews, Hoggett Bowers plc, Accountancy Division, 1/2 Hanover Street, LONDON, W1R 9WB, 01-409 2766, quoting Ref: 325/FT.*

# ACCOUNTANT

**c. £17,000 + CAR**
**EAST ANGLIA**

Lloyd's of London Press Ltd., an established international publishing house, urgently require a commercially aware Accountant to join the Colchester based Finance Division.

Applicants should have a relevant professional qualification and be aged 25 to 30.

The successful applicant will have a hands-on grasp of computer systems gained during several years experience in a substantial commercial environment, and will in addition, possess a sound technical knowledge of accounting. Success will be determined by a tough approach to decision making, commercial judgment and communication skills. Experience in the publishing industry, whilst not necessary, would be advantageous.

Salary package offered is in addition to an attractive range of benefits associated with a progressive company. Relocation assistance will be available where relevant.

*Please write with full c.v. in complete confidence to:*

W. J. Harding Esq.,
Personnel Manager,
Lloyd's of London Press Ltd.,
Sheepen Place,
Colchester,
Essex CO3 3LP.

LLP
Lloyd's of London Press

# Financial Controller

## . . . to facilitate change

**£20-25k + car Nr Oxford**

Our client, the UK subsidiary of Aviall Inc and part of the Ryder system group, is the largest worldwide wholesale distributor of new parts and supplies to the aviation industry.

Following a recent significant acquisition there has been considerable re-organisation within the company in preparation for rapid growth which should see turnover increase to $10m within 12 months.

This is a new appointment reporting to the M.D. and with total responsibility for financial management of the company including developing, managing and controlling information, reporting and control systems. There is considerable developmental work to be undertaken requiring a full review of existing procedures and implementation of systems will be a key priority.

You should be a qualified accountant, with a broad range of commercial experience, and enjoy working in a 'hands on' environment.

Please send your c.v. including current package to Phil Bainbridge, ref. B.35064.

**MSL International (UK) Ltd,
Pilgrim House, 2/6 William Street, Windsor, Berks SL4 0BA.**

*Offices in Europe, the Americas, Australasia and Asia Pacific.*

MSL International

# MANAGEMENT ACCOUNTANT

The IBA is responsible for the ITV, ILR, Channel 4 and DBS services throughout the UK.

One of our primary responsibilities is the provision of transmitting facilities for all our services where there is significant ongoing capital investment.

Reporting to the Head of our Management Accounting Group you will have the opportunity to make full use of your initiative as you offer advice to management on a wide range of financial matters which will include improved planning and budgetary control systems and new commercial business opportunities particularly in the engineering field.

Probably in your late 20's/early 30's, you will need to have had post-qualification experience in a technologically advanced environment. Your success will depend on your ability to relate easily to specialists in other disciplines.

If you have the particular blend of technical and personal skills that we are looking for, we will offer you a salary of between £17,770 and £21,300 depending on age and experience, together with a comprehensive package of benefits. Our location occupies an attractive site near Winchester and, where appropriate, we are willing to provide assistance with relocation expenses.

*Please write with full CV to:- Mike Wright, Personnel Officer, Independent Broadcasting Authority, Crawley Court, Winchester, Hampshire SO21 2QA, quoting reference FT/MA.*

** AN EQUAL OPPORTUNITIES EMPLOYER **

IBA INDEPENDENT BROADCASTING AUTHORITY

# GROUP FINANCIAL ACCOUNTANT

**NORTH HERTS. c. £22,000 - £25,000 + Car**

Our client is a £12m turnover manufacturer and world leader in high tech products employing 350 people.

Reporting to the FINANCIAL DIRECTOR, the successful candidate will be a qualified ACA/ACCA/ACMA aged 27-35, and essentially a self-starter with good communication skills. With the assistance of a small staff, he or she will monitor cash and treasury management, prepare the statutory accounts and exercise control over the maintenance and implementation of all computerised accounting systems.

The position offers great opportunity to assist in the continued growth and profitability of the company and has high visability at board level. Relocation assistance given where appropriate.

**Contact: GEORGE D. MAXWELL
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1N 7RH
Telephone: 01-580 7739/7695**

# CONTROLLER

## CONSUMER PRODUCTS

***c£30k OTE plus car***

Our client is the major subsidiary of a rapidly expanding, international British PLC. They manufacture and market a range of high quality consumer products and are brand leaders in a number of their key markets.

Reporting to the Finance Director, the role will involve considerable work with the Company's various General Managers, assisting them with the financial management of their business. The Controller will therefore be responsible for monitoring profitability, evaluating new products, acquisitions, capital expenditure proposals, co-ordinating the budgeting, planning and forecasting activities, and controlling the product costing, manufacturing accounting and management accounting functions. In addition, there is line management responsibility for a department of 15, of whom several are qualified.

Candidates, male or female, must be qualified accountants, aged in their thirties, with experience in both manufacturing and marketing environments and a sound grasp of systems. Well developed interpersonal skills and a strong commercial approach are essential given the senior level at which the Controller operates. The position results from promotion which underlies the excellent career prospects within the Group.

The comprehensive remuneration package includes a salary, bonus, fully expensed car and other major company benefits. Relocation expenses to their site on the London-Essex border are available.

Please reply in complete confidence to Michael Hann, Bull Thompson & Associates, 63 St Martin's Lane, London WC2N 4JX quoting reference 1276.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

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## FINANCIAL SERVICES GROUP

**Marketing and Corporate Finance Executives**

We are an internationally known name with an established financial services operation.

We are planning a major expansion of our activities in 1988 and wish to appoint an executive with experience of all aspects of corporate finance work. We also wish to appoint a marketing executive who will work closely with the existing team promoting the sales effort.

Terms of employment are attractive and reflect the importance we attach to the expansion of our Financial Services Group.

*Write in complete confidence with full details to:*

Box A0694, Financial Times,
10 Cannon Street, London EC4P 4BY

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# WHAT DOES 'INTERNATIONALE BERICHTERSTATTUNG' MEAN TO YOU?

Mannesmann Kienzle, a leading name in integrated information processing and office automation technology, are looking for a Management Accountant, fluent in German, to join the Head Office of their U.K. subsidiary.

Based in Slough, you will be responsible for the preparation and interpretation of monthly management accounts which are distributed to senior managers in both the U.K. and West Germany. Reporting to the Head of Finance & Administration, you will also have the opportunity to undertake various ad hoc assignments and will be supported by a team of accounting staff.

Fully qualified and computer literate, you should have a background in the capital goods industry and experience of working to strict deadlines. Proven supervisory skills are also called for but you will, in addition, need a 'hands on' approach. It is anticipated that you will be in at least your late 20's but otherwise age will not be a primary consideration.

A negotiable salary is being offered together with an attractive package of benefits, including a company car.

Please send a full CV to David Ridgway, Head of Personnel and Training, Mannesmann Information Systems Limited, 224 Bath Road, Slough, Berks SL1 4DS.

**MANNESMANN**

**Mannesmann Information Systems Ltd**

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## INVESTMENT ANALYST

**£Neg + Benefits**

Our client, the established stockbroking arm of a UK banking group, seeks a trainee to assist one of the City's leading research analysts.

The successful candidate, a recently qualified Chartered Accountant with financial sector and investigations experience, will initially be provided with a first class introduction to the field of general UK equity research and later develop a career path within the most suitable of several broking areas.

This position offers a rare opportunity for an ACA to move into a non-accounting role where potential future rewards are exceptional.

For further details contact **Jon Michel or Tim Clarke ACA.**

## ASSISTANT TO FINANCIAL DIRECTOR

**c.£22,000 + Mort + Bens**

Our client, an innovative and expanding financial services group, is currently looking to recruit an assistant to the financial director. The successful candidate should be a qualified Chartered Accountant in his or her mid-twenties, ideally with some investigations experience. The work involved is of a non-routine and ad hoc nature and represents a rare opportunity for a young accountant with a diplomatic personality and an enquiring mind, seeking a career move outside public practice.

If you would like to find out more about the above position please contact **Joe Reilly or Alexander Smith.**

*For further details of both these vacancies telephone* 01-583 0073 (or 01-870 1896 outside office hours).

**BADENOCH & CLARK**

LONDON • BIRMINGHAM • MILTON KEYNES • READING

THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
6 LLOYDS AVENUE, LONDON EC3

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# Financial Controller

## West Yorkshire — c £30,000 + Car+ Benefits

Part of a successful and expanding private group of companies, our client is a major distribution company with a turnover of £17 million per annum and operates throughout the UK and Europe. A Financial Controller is sought to strengthen the finance function.

Reporting to the Managing Director, you will be responsible for all aspects of financial management and administration. Key work areas include financial planning, performance evaluation, business analysis, investment appraisal and the development of existing computerised reporting systems.

Probably aged 30-40, a qualified accountant educated to degree level, you must have at least five years' experience of management and financial accounting practices ideally gained in a distribution environment. Above all, you must possess strong commercial skills, enjoy working in a profit-orientated business and be able to contribute to overall business management.

The attractive remuneration includes salary with bonus as indicated, executive car and a range of other benefits including generous assistance with relocation.

Please write – in confidence – with full details Peter Roberts, ref. B63222.

**MSL International (UK) Ltd,**
**Oak House, Park Lane, Leeds LS3 1EL.**

*Offices in Europe, the Americas, Australasia and Asia Pacific.*

**MSL International**

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# Strategic Planning

## For a Retail Winner – Leicester

We are the largest footwear retailer in Britain with a turnover of £700m and a network of 2,400 outlets nationwide including such well known names as Saxone, Dolcis, Curtess and Freeman Hardy Willis. To ensure that our success continues into the 1990's we have recently re-organised our Finance Department and created new career opportunities for resourceful and commercially experienced qualified Accountants.

## Financial Planning Managers

**c. £18,000 + Car**

Aged 27-35 with at least 3 years' post qualification experience in commerce or industry, you must posses good interpersonal skills, have the ability to devise creative solutions and be familiar with computer modelling techniques. Reporting to a Financial Controller you will lead a small team preparing strategic plans, budgets and financial forecasts for a key sector of our business. You will liaise extensively with senior management to review operational performance and improve profitability.

We offer broad commercial grounding in all aspects of a large, fast moving organisation and an opportunity to gain invaluable management skills. The positions are based at our Head Office in Leicester, situated 10 minutes from junction 21 of the M1. Our conditions of employment are first class and benefits include BUPA, Contributory Pension Scheme and generous relocation expenses where appropriate.

To apply please write or phone for an application form, stating which post interests you, to **Tony Burnip, Manpower Manager, British Shoe Corporation Ltd., Sunningdale Road, Leicester LE3 1UR. Tel. Leicester (0533) 871355 Ext. 2403.**

BSC

BRITISH SHOE CORPORATION.

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SECTION IV

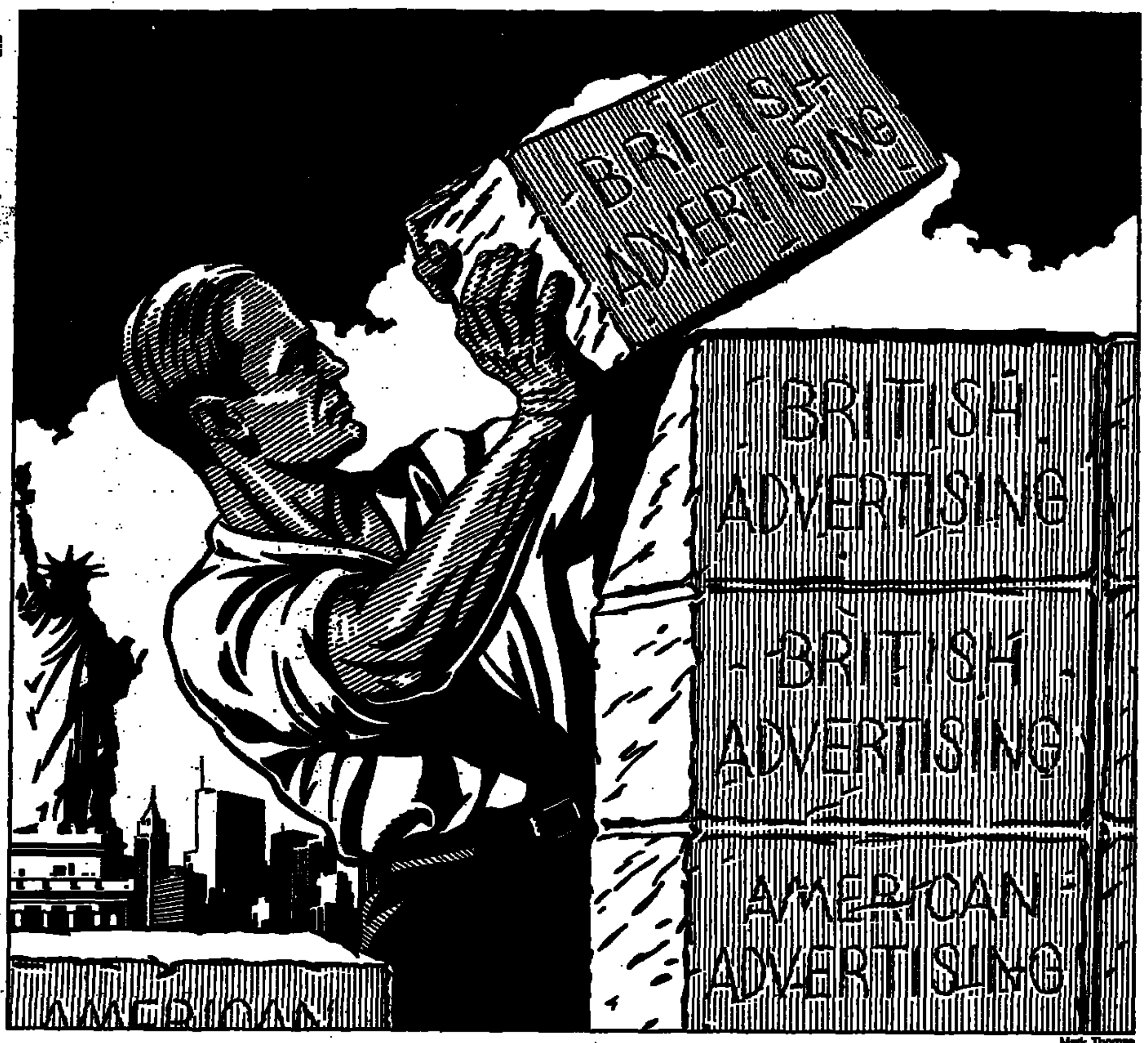
FINANCIAL TIMES

SURVEY

Morale and profits are high and British advertising has even been seen shopping on Madison Avenue. The good fortune has touched most media sectors, though television has had its critics among advertisers. **Feona McEwan** reviews the past year and looks ahead to the next

CONTENTS






Mark Thomas

# Advertising

## Building on good fortune

WHATEVER switchbacks lie in store for the advertising industry, recent months have found this enduring pocket of the British economy basking in continued good fortune.

Revenues have nudged record highs, staffing levels are back on the rise and morale has rarely been healthier. In a year that has witnessed the British invasion of that other citadel of advertising, Madison Avenue, London agencies are in chipper mood.

It may be a "sunrise" industry, but not all, however, is sweet air and light. Beyond the tinkle of coffers filling up, a gnashing of teeth can be heard as advertisers vent their frustrations on television contractors whose monopolistic practices have done nothing to inhibit spiralling airtime costs.

Heniz, Colgate Palmolive, Beecham, Morphy Richards and Pedigree Petfoods have all diverted money away from television in favour of other media this year. Magazines, press, posters and radio have gained as a result.

Frustrations spilled over in Copenhagen at the biennial ITV bonfest, when agencies and advertisers demanded immediate action on poor programming, weak scheduling and the inevitable costs. Their cries would appear to have been heard since there have been subsequent signs of efforts to make the medium a more attractive one to viewers and hence to advertisers.

On the revenue front, if 1985 witnessed what the Advertising Association called "raging boom conditions", 1986 has bettered them. Total advertising revenue hit record heights of £5.1bn. This was a 15.2 per cent increase in current terms over the previous year and an 11.3 per cent rise in constant terms (adjusted for inflation).

Advertising business also gained in relative importance, accounting last year for its highest ever level of gross national product, 1.37 at market prices.

This is a trend that, as one of the UK's most successful industries, advertising has grown used to after more than 11 years of vigorous growth - unbroken save for a mini downturn in 1981 caused by a slump in classified advertising.

Reasons for the upswing stem, in the AA's reckoning, from the twin barometers of advertising, healthy company profits and consumer spending, both of which are on the rise.

The good fortune has touched most media sectors. Televison, (including Channel 4, ITV and TV-am) rose last year by 21.2 per cent to £1.6bn (current prices), poster and transport up 19.5 per cent to £196m, directory advertising up by 27.8 per cent to £267m, cinema up to £19m. Radio has enjoyed a runaway year up 11 per cent to £91m, raking in £25m in the last quarter of 1986, its best ever spell of business. Business and professional press is up to £393m. National press is up to £844m and regional to £1.1bn.

Direct mail rose 7 per cent to £474m, a reduced growth compared to the 37 per cent rise of the previous year. The medium's loss of market share is due to its increased efficiency, says the AA, with costs for direct mail rising more slowly than for other media.

Overall, in terms of share of the total advertising cake, total press lost market share, slipping from 63.1 to an all-time low of 61.3 per cent. Television gained 2.7 per cent share, with posters gaining marginally and cinema and radio remaining static.

The outlook in the latest AA forecast - though it was issued before Black Monday when the world's financial markets went free fall, it did pre-empt the possibility of a stock market crash - promises more of the same. Substantial growth in total revenues this year of about 13 per cent slowing next year to about 9 per cent at current prices.

Latest AA figures released show radio in pole position in terms of growth - admittedly from a lower base - with an increase in the second quarter of this year over the same period last year of 20.7 per cent at constant adjusted prices. Television and posters are up about 10 per cent each and the only one to lose ground is direct mail, down 5 per cent over the same period.

Figures apart, agencies have been making the news this year, raising the profile of British advertising abroad, particularly in the US, where for years imperialism has been the other way around. Against a background of concern and resentment, and to warnings of "torpedoes in the water" from some US multinationals who watched with alarm, a posse of the publicly-quoted agencies followed in Saatchis' footsteps and went shopping on the Eastern seaboard. They were fortified by the - then - bull market and relatively high p/e ratios which made capital sums easy to tap.

Surprise of the year must be the J Walter Thompson coup by a largely unheard-of maker of supermarket trolleys, WPP, when it shelled out the largest purse ever for the world's oldest advertising name. At $566m it was a full price.

Boase Massimi Pollitt, Lowe Howard-Spink & Bell made American acquisitions and Abbott Mead Vickers is trying hard to. WCRS looked east and west as it snapped up agencies in Asia-Pacific one minute, New York the next and France thereafter. Robin Wight, the group's colourful chairman, summed up the group's growth after a tour of the "estate". "I've just spent two weeks travelling 30,000 miles, last year I did it in two hours in a London taxi," he said.

How much longer such expansion can be sustained by willing investors is a moot point - bad buys and inflated prices remain constant hazards, ready to boobytrap the overzealous predator.

At the global level, the megagroups continued tidying their networks into a shape that will carry them forward into the next century. Interpublic rationalised its American network by linking its Lintas and the Campbell-Ewald arms and dropping the initials from SSC&B Lintas. Saatchi finally made sense of its various strands and created the Backer Spielvogel Bates network and the Saatchi & Saatchi network.

On the television scene, despite the justifiable whingeing of advertisers and agencies at the cost of airtime, which continues to gallop at around 17 per cent ahead of inflation, there is some comfort. The introduction of coffee time television has added 15 more commercial hours a week, and the start of night-time television - though audiences are sparser - is going some way towards increasing advertiser choice.

Radio is on the brink of expansion in the wake of the the Government's green paper which proposes three new national independent commercial stations, and the promotion of community radio.

On the press front, the medium continues in dynamic form. The year has witnessed a host of launches, relaunches and closures as the sector splinters and multiplies, providing advertisers with a wider number of more defined choices.

The magazine market has been particularly hectic. Most of the colour supplements have been upgraded in readiness for the flood of colour pages coming on stream in the national press, a bewildering clutch of new magazines has entered the UK including the 1m-plus sellers from the continent, Best and Prima, thus proving the market is far from saturated despite its 100-plus titles.

Posters continue to claw back market share, and put their best face forward with bodies like the Poster Marketing Bureau to sell the medium, and contractors getting their houses in better shape.

The promise of satellite and cable is still to be fulfilled - despite the European launch this year of MTV, the world's first round-the-clock music station and Superchannel, the UK-based general entertainment channel which has had to retrench after overestimating viewer and advertiser demand.

Meantime, the wrangle over European advertising regulations is gathering momentum. The two main documents under debate, according to the AA, are the EC draft directive, the result of a green paper which threatens to inhibit the freeing up of pan-European frontiers. The AA is due to meet with Home Office shortly to voice its doubts.

Then there is the draft convention on transfrontier broadcasting from the Council of Europe. "It's very important to us," said a spokesman for the AA. "It affects the future of the UK advertising industry and the future competition of television."

Proof of the influence of advertising on the economy came last month out of Florida where an advertising tax was being tested, watched closely by the US government. The upshot was that advertising became too pricey, there was a fall-off in revenue, and business investment and tourism declined. The tax has since been repealed.

Meanwhile, the British government has announced the formation of a watchdog body, the Broadcasting Standards Council, to keep a weather eye on any undesirable material that might reach our shores when the satellite invasion takes off.

On home soil, the AA published its Clucas report which examined the proliferating control systems which affect advertising in the UK. Its proposals include a tougher role for the self-regulatory Advertising Standards Authority, though it rejected the idea of one single authority for all media.

The agency door has been opened this year to the acquisitive financier, reports **Feona McEwan**

# For the first time, an element of fear

*ABOVE ALL else, 1987 will go* down in the annals of advertising as the year agencies proved themselves prey to hostile takeover bids. When Martin Sorrell, Saatchi's audacious ex-financial director, and his obscure *WPP group, swooped on the* mighty but financially-ailing J Walter Thompson, shudders went through multinational agencies which had hitherto felt inviolate. What is more, the purists moaned, Sorrell is not *even an advertising man.*

By opening the agency door to any acquisitive financier - and there are plenty more making eyes at ad agencies - Sorrell's manoevre has introduced an element of fear into the industry. "It's something people never thought would happen," said Jeff Fergus, chief executive of Leo Burnett.

*Nor is the concern just* based on JWT's experience. The raid on Ogilvy & Mather shares, when a core of former Ted Bates management stockpiled 80,000 shares, fuelled rumours of a prospective bid, and the run on Davidson Pearce stock have contributed to the anxiety.

"Many public agencies are questioning their safety," says *Gregg Ostroff, analyst with* Goldman Sachs in New York. "Sorrell's move, largely made possible by the ability to raise capital inexpensively in the UK, has clearly focused the eyes of publicly-held US agencies on the bottom line, forcing them to beef up their share price and earnings.

"As a result there has been a *secular shift in the environment* of US agencies resulting in an aggressive programme to reduce costs, though this is unlikely *to affect client service,"* he says. The point is that no longer is agency ownership the reserve, if it ever was, of the dyed-in-the-wool adman, pace David Ogilvy.

Events of 1987 have also had *the effect of hardening the re*solve of the remaining privately-owned agencies to remain just that. Grey, Leo Burnett, Young & Rubicam have made it quite clear that they see their future as being as independent as their past.

The past 12 months have also been the year of what one adman calls "the British agency *rebellion." Others call it the inva*sion of Madison Avenue in what is a reversal of history: American agencies bought up British ones for decades. The Saatchis started it with their acqusition in the mid-1970s of Compton, *and last year of Ted Bates and* Backer and Spielvogel. More recently, the last year has seen a host of British agencies, fortified by their quoted status and financial clout, making forays into Madison Avenue.

Boase Massimi Pollitt, Lowe Howard-Spink and WCRS Group have swooped on, respectively, Ammirati and Puris, *Lawrence Charles & Free, and* Della Femina Travisano and HBM Creamer.

The writing on the agency wall is clear, according to WCRS Group's chief executive Peter Scott. In 1979, more than *70 per cent of billings in the* UK's top 20 agencies were in the hands of the American-owned agencies. Today, the figure is down to 40 per cent he says.

Agencies in pursuit of global dominance continue to act in *one of three different ways,* Scott has identified. There is the conglomerate route, like Saatchi, which is following in *the steps of its forerunner the* Interpublic group (which owns McCann-Erickson and Lintas), the colonial or branch network, in the way of JWT, Ogilvy & *Mather, Grey, or the confedera*tion route of the newer breed of UK agencies, like Lowe Howard-Spink, WCRS and BMP.

For the big agency players the year has been spent marshalling their forces into more *coherent units.* Many agencies adopted a group posture to reflect their growing interests across a broad range of communications activities. Wight Collins Rutherford Scott announced it wished to be known *in future as the WCRS Group,* Grey Advertising now refers to itself as the Grey Communications Group.

Elsewhere, SSC&B Lintas dropped its confusing initials and Saatchi & Saatchi rationalised its various networks into two global systems. There was also the unusual megamerger, still unproven in action, between Japanese, American and French interests (respectively *the union is between Dentsu,* Y&R and Eurocom) to create the world's seventeenth-largest global network, HDM.

But if the multinational agencies have had their alarms this year, they have also had their positive moments. In the year's league table of new business wins, three such agencies feature strongly that a couple of years ago would have been dismissed as dull and uninspired. Young and Rubicam, Ted Bates and *DMB&B have witnessed* something of a renaissance in fortunes.

After a period in the wilderness in the wake of its megamerger, when it watched £20m of business walk out the door DMB&B (formed from the union of D'Arcy MacManus Masius with Benton & Bowles) has notched up more than £40m of *new accounts so far.*

Y & R reports £49m and only one loss (Allied worth £3m), under a management team all of whom are new in the last three years.

Saatchi's various UK agencies have also performed well on this score. The main agency has gained more than £44m, Dorland £36m and its combine network *KHBB £22m,* not to mention Ted Bates with a score of £39m.

Others who have fared well with new business include Boase Massimi Pollitt, Abbott Mead Vickers and thanks to the *fashion for flotations, Dewe Ro*gerson.

One lesson to be drawn from the revival of certain American-owned multinationals (like Grey, Y&R, Burnett) is they have done it, without exception, under local management teams. Conversely, Foote Cone Belding continues to struggle and the ill-fated American-inspired merger *between Doyle Dane* Bernbach and DDB Needham (which has seen the decimation of the talented Needham shop, with the loss of more than 100 staff) serves as a reminder that mergers have their price.

For the world's largest agency group, Saatchi & Saatchi, it has been a seesaw year. The share price has rollercoasted from £5.33 to £6.39. Every time it rallied, another question mark has appeared to depress it again. There's been the departure of a number of senior managers, including Anthony Simmonds-Gooding, Jennifer Laing and *Jack Rubins (at Dorland) This* leaves largely second and third generation management and has broken, inevitably, the family spirit for ever, some observers believe. There was the ridiculed foray into financial services, the lacklustre election campaign, the Beecham suing incident, and most recently the invited departure of the Tory *party, its most famous client.* "It's been one banana skin after another," says Lorna Tilbian, analyst with Sheppards.

Nonetheless, the main London agency continues to deliver the goods. Lest it be accused of losing its creative *touch, it is al*so credited with winning more awards than any other London agency this year.

Running counterpoint to the big agency comeback, is the notable number and quality of start-up agencies which the year has spawned. There's nothing new about a new agency - its the dynamic on which the agency world feeds and breathes and admen are entrepreneurs at heart - but if the "good agen*cy" birth cycle is eight years,* as many believe, then this year could be vintage.

In 1970 the Saatchi agency emerged, and in 1978/9 along came the Wight Collins Rutherford Scotts, the Gold Greenlees *Trotts* and the Bartle Bogle Hegartys. New names to conjure with this year include Moira Woollams Gaskin O'Malley, Howell Henry Chaldecott Lury, Butterfield Day Devito Hockney, Leagas Shaffron Davies and *though not a breakaway in the UK sense, the Australian in*terloper, Mojo.

And despite scepticism about how truly different the new names really are, one hallmark they share - as did their illustrious predecessors - is the pres*ence of creative names* on the door. For clients seeking a fresh creative approach and the guarantee of an agency's key players on their accounts, this is the time to go prospecting.

Agencies tend to be congenitally devoted to clients who support them at the embryonic phase and the rewards for backing a winner can be *mutual.* Against this, however, clients need to remember that a new agency runs the risk, more than most, of being swallowed by a fatter predator.

In City terms, the year has been *one of consolidation with* the quoted agencies strengthening their managerial muscle and no new entries into the sector. For the moment at least the rush to go public appears to be over. The fashion for seeking a quotation with its built-in appeal to attract the lesser talented onto the stage, has ceased. Agencies, it seems, are more realistic *about the pitfalls of living in the public spotlight* where initially many were blinded by the financial gain.

Average ratings are up 13½times at the beginning of the year to 16½times. The sector - Saatchi apart - has come up *from a slight discount to now* being a slight premium, according to James Capel.

For the quoted companies it's been a time of concentrating on managerial development. Boase Massimi, Saatchis, Abbott *Mead, and* Davidson Pearce have all been strengthening their executive teams in order to achieve what analysts call "strength in depth and breadth."

On the general front, diversification into ancillary marketing services continues apace, as agencies seeking consistent growth explore new profit centres. This has seen Gold Greenlees moving into sales promotion, WCRS into annual reports, Saatchis into litigation counselling services, Boase Massimi into specialist publications and Lowe Howard-Spink & Bell into parliamentary affairs, among others.

If it has been a bullish year in revenue terms for the advertis*ing industry and its agencies,* this is echoed in employment terms. The Institute of Practitioners in Advertising which represents 250 agencies which together handle *80 per cent of* all UK advertising, reports that for the first time for some years, there has been an increase in numbers. With a five per cent increase in staffing levels, the industry currently employs some 14,000 people.

Turnover by IPA agencies has increased spectacularly by about 70percent since 1978 as against the 22 per cent increase in Gross National Product. This represents a genuine increase in productivity, according to the IPA, since the same numbers of staff were employed in 1986 as a decade earlier.

If a more accurate indicator of agency health is the income generated by turnover, IPA figures *show that there has been* an erosion in the last decade to the point where agency income represents about 15 per cent of ad turnover. In 1977 the figure was 16.4per cent. This erosion helps explain some of the drive towards mergers among the larger agencies as they seek economies of scale, and diversify into more profit-rich communica*tions activities.*

**Top 50 Agencies, 1986**

| Rank | Agency | Billings in £m: Own figure* | MR figure** |
|---|---|---|---|
| 1 | Saatchi and Saatchi | 223.00 | 161.89 |
| 2 | J. Walter Thompson | 200.54 | 157.14 |
| 3 | DFS Dorland | 190.00 | 149.04 |
| 4 | Young and Rubicam | 142.00 | 92.65 |
| 5 | Ogilvy and Mather | 130.92 | 103.35 |
| 6 | D'Arcy Masius Benton and Bowles | 105.00 | 95.16 |
| 7 | McCann-Erickson Advertising | 103.19 | 91.40 |
| 8 | Lowe Howard-Spink Marschalk | 102.20 | 62.16 |
| 9 | Boase Massimi Pollitt | 93.60 | 59.28 |
| 10 | Grey | 93.20 | 37.78 |
| 11 | Collett Dickenson Pearce | 87.50 | 55.49 |
| 12 | Davidson Pearce | 85.00 | 63.10 |
| 13 | SSC and B Lintas | 80.12 | 44.49 |
| 14 | WCRS | 80.00 | 39.74 |
| 15 | Foote Cone and Belding | 79.00 | 32.42 |
| 16 | Leo Burnett | 68.30 | 40.59 |
| 17 | Abbott Mead Vickers SMS | 62.70 | 45.87 |
| 18 | KMP Humphreys Bull | 62.50 | 28.65 |
| 19 | Ted Bates | 60.20 | 35.29 |
| 20 | McCormick Publicis | 58.50 | 39.08 |
| 21 | Allen Brady and Marsh | 56.74 | 49.07 |
| 22 | Gold Greenlees Trott | 50.40 | 29.98 |
| 23 | Reeves Robertshaw Needham | 47.50 | 27.86 |
| 24 | BBDO | 47.20 | 12.46 |
| 25 | Geers Gross | 47.00 | 31.09 |
| 26 | Austin Knight | 44.00 | — |
| 27 | Dewe Rogerson | 42.88 | 26.37 |
| 28 | Doyle Dane Bernbach | 41.50 | 23.16 |
| 29 | HCM Homer Collis and Kirvan | 40.90 | 20.24 |
| 30 | AAP Ketchum | 39.63 | 7.13 |
| 31 | Royds McCann Manchester | 38.70 | 16.87 |
| 32 | Bartle Bogle Hegarty | 38.60 | 28.63 |
| 33 | Yellowhammer | 38.10 | 25.51 |
| 34 | Colman RSCG | 36.40 | 20.58 |
| 35 | Cogent Elliott | 36.00 | 14.25 |
| 36 | Ayer Barker | 34.46 | 16.53 |
| 37 | Wunderman International | 34.00 | 1.31 |
| 38 | Chetwynd Haddons | 32.46 | 21.94 |
| 39 | Holmes Knight Ritchie WRG | 32.30 | 8.88 |
| 40 | Lonsdales | 31.20 | 16.31 |
| 41 | Charles Barker City | 31.15 | 11.93 |
| 42 | TBWA | 30.07 | 8.24 |
| 43 | Brunnings (London) | — | 29.74 |
| 44 | Charles Barker Human Resources | 26.52 | — |
| 45 | Bowden Dyble Hayes and Partners | 24.60 | 12.16 |
| 46 | Aspect Hill Holliday | 23.75 | 10.78 |
| 47 | Arc Advertising | 23.20 | 11.07 |
| 48 | J. Walter Thompson (Manchester) | 23.07 | 15.67 |
| 49 | Connell May and Steavenson | 23.00 | 9.56 |
| 50 | Moxon Dolphin and Kerby | 22.70 | 0.44 |

* Own figures: all media and other activities.
**Media Register figures: press and TV only.

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## Media independents

# Buyers now go to the ball

MEDIA BUYING is no longer the Cinderella of the advertising business. Gone are the days when the media expert was tacked-on as an afterthought in client presentation meetings, shoe-horned by the agency into the ten-minutes-before-lunch *spot to explain the* how, where and why of spending the client's money.

In today's cut-throat climate, where every media pound is counted and where clients themselves are becoming more media-literate, the *dry and mys*tifying art of the media buyer enjoys a more centre-stage position.

The arrival in the early 1970s of the specialist buying shops, the media independents, has spurred on the process. Advertisers began to overcome their initial suspicions and discover that by buying their advertising services *a la carte* (using specialists who made a living out of time and space buying and, say, full service agencies for everything else), that is was possible to improve value for money. "At the end of the day we stand or fall *by our media buying effi*ciency," explained one specialist.

The fashion took off and full service agencies joined in, spinning off their own stand-alone media specialist shops. The trend continues with agencies *like Boase Massimi and Foote* Cone Belding recently setting up media independent companies.

As more major advertisers warmed to the idea, and independents attracted to their side the likes of Gillette and Guinness, the movement has grown in influence and has been able to attract some of the brightest *talent. Many senior media di*rectors sitting in full service agencies found the attractions of running their own business irresistible and decided to go it alone. These days some 30 per cent of advertising revenue *passes along the a la carte route,* whether through independents or agencies, according to industry estimates.

Today the main industry body, the Association of Media Independents, represents a dozen of the toughest operators. Their business is getting the best deal for their clients, the most exposure and coverage at *the cheapest prices.*

In a recent survey of sales and media people, five of their ilk featured in the top ten. Top was TMD, the sole publicly-quoted media independent, followed by the ubiquitous Saatchi, with John Ayling third.

*Interestingly,* the table, which was published by Media Week magazine, includes a number of leading agencies both new and old, indicating that independents are far from having things all their own way. They would *argue however that* their very existence has smartened up agency media departments with which they compete for business.

For the UK media specialist, the position has scarcely looked more *promising. As satellite* television becomes a reality over Europe, companies are beginning to look to London's me*dia buyers for guidance. They* are drawn by the belief that the skills here are as advanced as any, given the range and fragmentation of media to choose from.

"Our knowledge of international media planning and buying has given London the high ground because we are the only people who know anything about buying and planning television campaigns," says David Reich of TMD.

Meanwhile, the independents *continue to attract blue chip cli*ents to their cause, sure proof that clients believe they are getting a better deal this way. In the year *to August,* the 12 members of AMI have put on £70m of new business altogether, which is 21 *per cent growth over last* year.

New clients include names like Abbey National, Colemans *of Norwich,* Eagle Star, *British* Olivetti, Royal Insurance, Wella, and Burtons biscuits.

This year the movement achieved official recognition when the Institute of Practitio*ners in Advertising, which rep*resents *full service agencies,* voted to accept media independents - along with other specialists such as creative consultants *and production houses.*

For *the future,* the AMI is seeking to expand its links with *practitioners abroad in Europe* and the US. The concept of a global media independent may be no more than a twinkle in a few eyes yet. But fewer people will be laughing at the idea than in the unenlightened days when media buyers were the also-rans, buried away in the "dead" spot before lunch.

***Feona McEwan***



## Advertisers

# Government is big spender

HER MAJESTY'S Government this year has achieved what many a decade ago would have considered impossible: it has emerged as the UK's largest single advertiser, overtaking such established consumer goods companies as Unilever and Procter and Gamble.

*When Mrs Thatcher* came to power in 1979 the Government spent a mere £31m on advertising, on things like road safety campaigns.

But a decade which has seen record unemployment levels, the *selling off of State assets,* and the emergence of diseases such as Aids, has pushed the Government into the forefront of the advertising world.

Since Mrs Thatcher was elected in 1979 and in the subse*quent two elections with the aid* of the Saatchi & Saatchi advertising team, it was perhaps hardly surprising that her governments should try to use the techniques of persuasion to convince the public that her policies were right.

Advertising expenditure by the Government has risen steadily since 1979 *to total* £81.4m last year, according to figures from Media Expenditure by Analysis Limited (MEAL). This still puts HMG behind soap-powder Kings Unilever in the 1986 league table of Britain's *biggest advertisers,* but the addition of the Aids and BP privatisation campaigns this year will push that figure up to at least an estimated £125 - way ahead of any projected increase in advertising by Unilever.

In the 12 months to June this year, the Government's advertising spend was calculated at £122m.

The Department of Energy, which was responsible for the British Gas flotation, rose 400 places in the 1986 league table to reach tenth place in the table with an expenditure of £26.5m.

*The Manpower Services Com*mission last year spent £14.9m, followed by the Department of National Savings which spent £10.2m.

Although Saatchi & Saatchi clearly have won much kudos by being associated with the Conservative Party (although they are soon to part company after nine years) the agency only has *two of the Government's largest* advertising accounts. These are the £3.7m (in the 12 months to June 1987) spent on the MSC's Youth Training campaign the the £3.5m spent on an energy efficiency campaign.

Young & Rubicam benefited most, in the 12 months to June this year, from the Government's penchant for advertising with the £25.5m spent on the British Gas flotation.

Davidson Pearce was responsible for the £10.2m *spent on the* Action for Jobs campaign, while Yellowhammer had the £8.9m campaign for the MSC's employment restart programme.

The relative success of most of the Government's advertising *campaigns in recent years is* likely to reassure the advertising industry that Mrs Thatcher's ministers will go on using this form of persuasion. There seems no shortage of privatisation targets for Government departments - with the *electricity* industry the next major flotation after BP - and a nervous Stock Market will only encourage ministers to spend more on advertising.

At the same time, the threat of Aids and other diseases - including the social problems caused by alcohol abuse - is unlikely to go away in the short term.

The advertising industry, however, is unlikely to benefit *again for at least* another four years from the General Election advertising - estimated at about £10m in total this time round.

But *if* Mrs Thatcher turns away from advertising, then some agencies could suffer from the shake-out, *although* the Government's share of the total advertising cake at 3 per cent is still relatively small.

*Unilever's* position as the largest corporate advertiser last year, according to the MEAL figures, was established through strong support for subsidiary companies such as Elida Gibbs, with a £21.2m spend, and Brooke Bond Oxo with £18.3m.

After HM Government in second place last year came Mars with a £46.8m spend. Next came Hanson Trust, with £45.2m, followed by Asda-MFI, Nestle, British Telecom, Procter and Gamble, and British Gas.

While Unilever dominated the table for holding companies' expenditure on advertising, the MEAL table for individual companies was headed by British Telecom. BT moved from second place in 1985 to top spot as a result of its aggressive selling of telecommunications facilities - *even if customer sat*isfaction does not always match up to the advertising promises made.

BT spent almost two-thirds of its £36.1m advertising budget on television advertising, with the bulk of the rest *on press. Only* £598,000 was spent on radio advertisements.

BT's rise to the top saw Procter and Gamble knocked *from* its premier position of some years standing. Just over 93 per cent of its advertising expendi*ture of £35.3m was spent on tele*vision, however, with only 0.5 per cent of its total budget spent on press. P and G was more interested in radio than BT, spending some £2.3m - or 6.4 per cent of its total budget - on radio advertising.

Ford moved from fourth place in 1985 into the number three position last year, with a £29.9m *spend on advertising.* Some 62 per cent of this was spent on press, with 35 per cent on television. Newcomers to the top ten last year were the Electricity Council at number eight, British Gas in ninth position, and the Department *of Energy* at number ten.

Out of the top *ten* went Lever Brothers, the Unilever Subsidiary, *which* moved to eleventh place from third spot; Pedigree Petfoods, which went from seventh to twelfth, and Rowntree Mackintosh (from tenth to nineteenth).

Top retail advertiser last year *was the MFI furniture centres,* recently the subject of a management buy-out from the Asda-MFI parent company. *It was* followed by Dixons and Currys, both part of the same group, and Boots the chemist.

In the financial services sector, the National Westminster Bank led the pack, followed by the Abbey National *Building* Society and then the Midland Bank. Amongst media owners and publishers, IPC Magazines *was the leader,* followed by Mirror Group Newspapers and Mr Rupert Murdoch's News Corporation.

While next year's biggest advertiser will almost certainly be the Government, the *power of* advertising is being recognised by an increasing number of newcomers. Bordeaux wine producers, *for example,* are next month launching their first ever television campaign in the UK to persuade the British *that* Bordeaux has a lot more to offer besides Claret.

**David Churchill**

**Top Ten Advertisers**

| (By Company) | | 1986 expenditure £m |
|---|---|---|
| 1. | British Telecom | £36.1 |
| 2. | Procter and Gamble | £35.3 |
| 3. | Ford | £29.9 |
| 4. | Kelloggs | £29.5 |
| 5. | Nestle | £28.1 |
| 6. | Austin Rover | £27.7 |
| 7. | Imperial Tobacco | £27.3 |
| 8. | Electricity Council | £26.6 |
| 9. | British Gas | £26.6 |
| 10. | Department of Energy | £26.5 |

Source: MEAL

**Top Ten Advertisers**

| (By Holding Company) | | 1986 expenditure £m |
|---|---|---|
| 1. | Unilever | £106.4 |
| 2. | HM Government | £81.4 |
| 3. | Mars GB | £46.8 |
| 4. | Hanson Trust | £45.2 |
| 5. | Allied-Lyons | £40.3 |
| 6. | ASDA-MFI | £38.3 |
| 7. | Nestlé | £36.3 |
| 8. | British Telecom | £36.1 |
| 9. | Procter and Gamble | £35.3 |
| 10. | British Gas | £32.9 |

Source: MEAL

# Why do you drink Perrier?

You drink it, of course, because you like it.

Because it is pure, French, naturally sparkling, refreshing.

Or you drink it because you are usually given Perrier when you ask for mineral water.

Or because you ask for Perrier and not for mineral water, using the name as a generic.

None of which quite answers the question.

Why Perrier?

Why not some other mineral water?

Why mineral water at all?

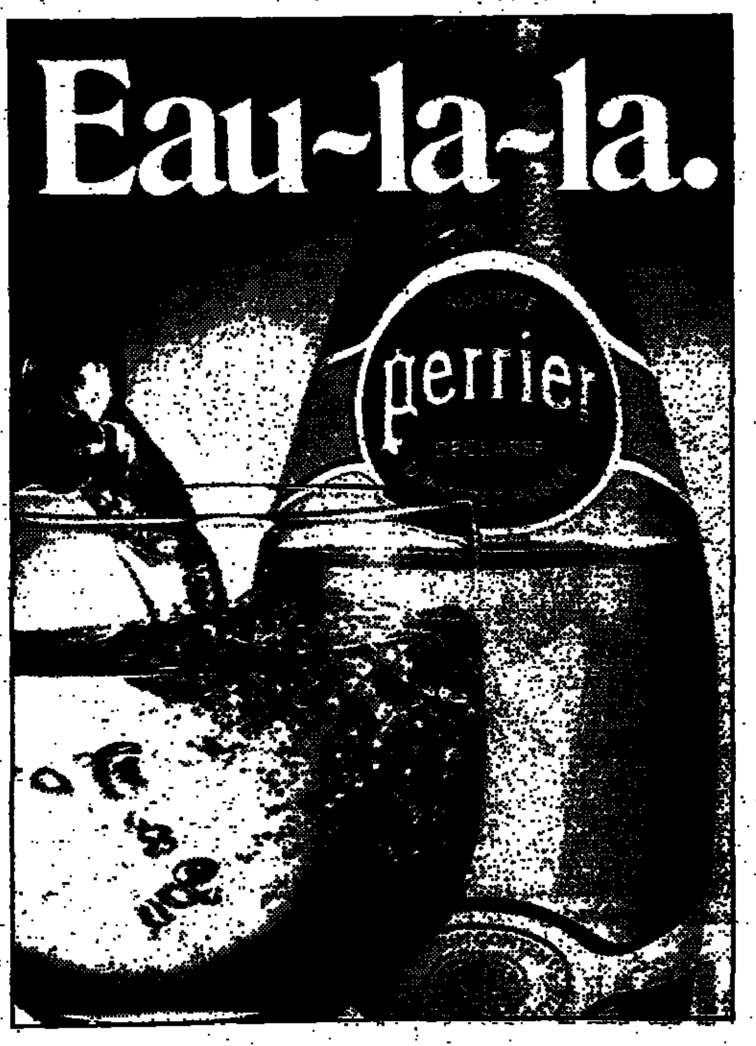
To answer those questions, we must go back eleven years.

In 1976, the British bought 6 million bottles of mineral water.

Fewer than 3 million of them were bottles of Perrier.

And somebody expressed the not unreasonable opinion that the British would never pay for water.

In 1978, Leo Burnett ran this modest four-sheet poster in London:



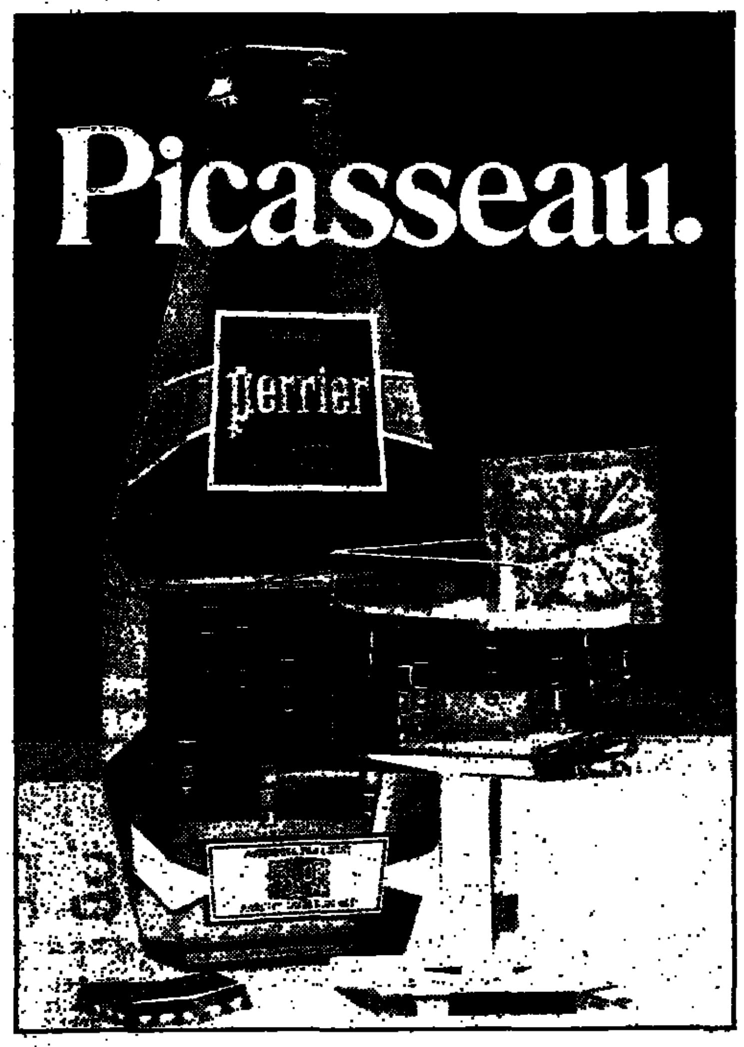

Since then, a lot of water has flowed under the bridge.

Last year, the British bought 128 million bottles of mineral water.

More than 77 million of them were bottles of Perrier.

In the last 12 months, Perrier have sold more than 100 million bottles and sold 4 million in one week alone.

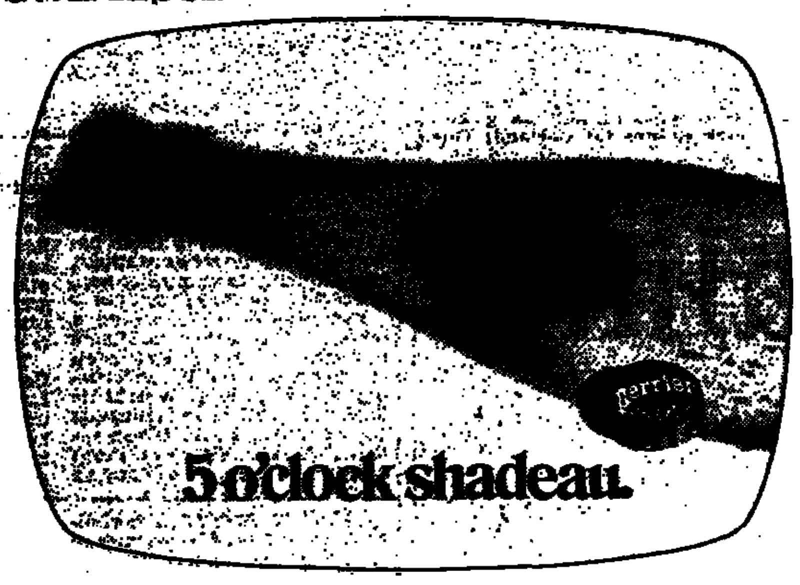
It has a bigger share of that much




bigger market and is still far and away the brand leader.

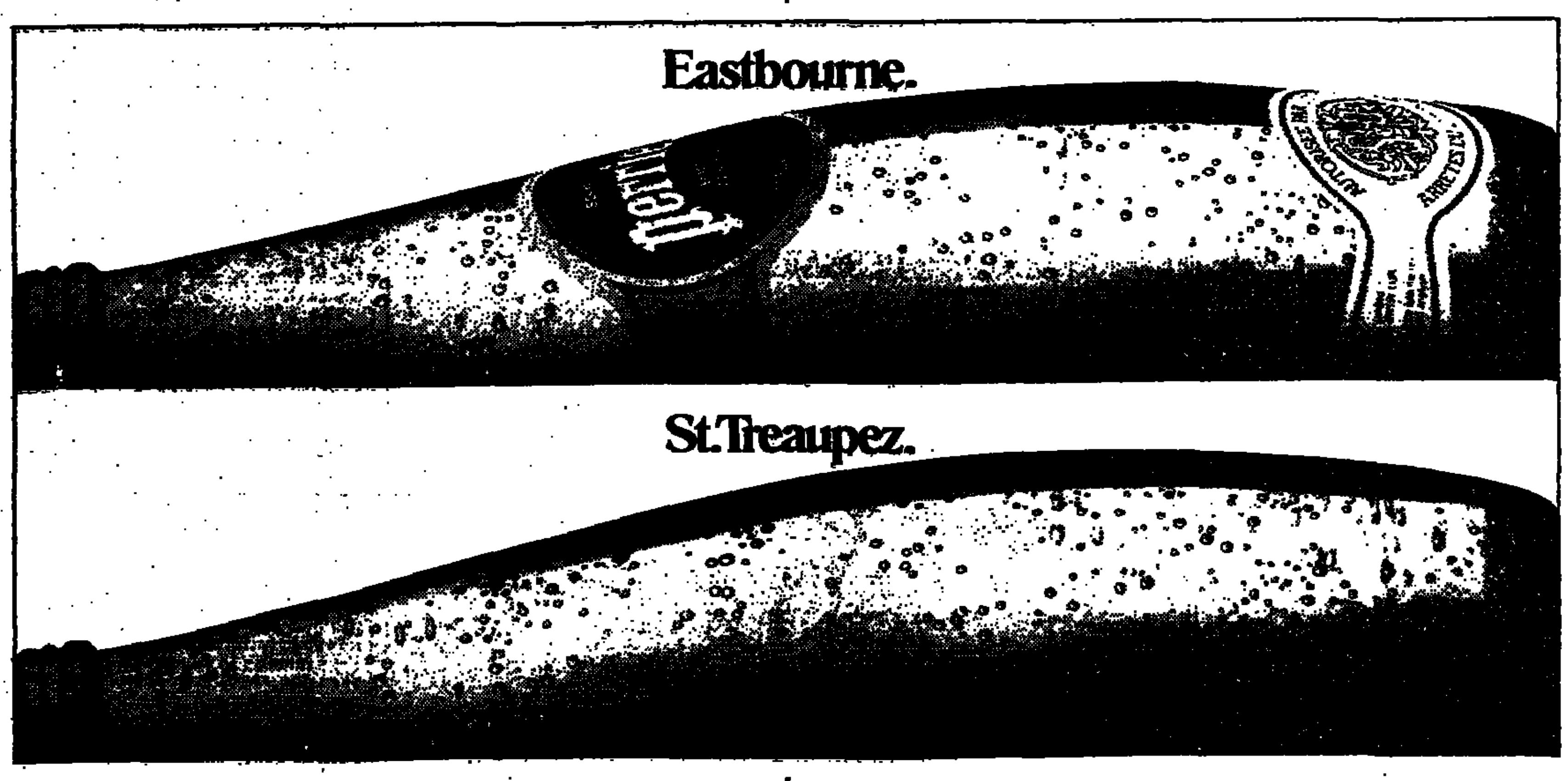
Despite the coming of many new waters.

Despite even the competition of own-label.




Not much, though, has happened to the advertising.

It appears in more media and more




parts of the country, but the campaign is still the same.

Not because we are complacent or have run out of ideas.

But because it is still building the brand and increasing the sales.

Its success, in fact, is deceptive.

The Perrier campaign looks far bigger than it is because it is long-running and consistent.

Which brings with it an added advantage:

Having built a brand, you can extend it.

Last year, Perrier introduced Perrier flavours.

We considered other campaigns, but this was the launch advertisement:


Perrier flavours have now sold more than 15 million bottles.

The advertising, of course, isn't the only reason.

Perrier is an excellent product, as you know.

But, without the advertising, would you have known it?

LEO BURNETT
ADVERTISING

Jeff Fergus, Managing Director,
Leo Burnett, 48 St. Martin's Lane, London WC2N 4EJ. Tel: 01-836 2424

Independent television is in for turmoil, predicts **Raymond Snoddy**

# Embarrassing revenue rise

EARLIER THIS month the British independent television system began corporate advertising on its own medium - something it had not felt to be necessary before in more than 30 years of existence.

The series of advertisements, likely to run over several months, will try to point up the quality of programmes produced by ITV. It will feature the Survival series from Anglia Television; the care and detail that went into Granada's dramatization of Jeffrey Archer's novel First Among Equals; and the dangers involved in making programmes such as a World in Action edition on Afghanistan.

"We have been coming in for a bit of flak, some expected, some contrived and some downright unfair," said Mr David Shaw, director of the ITV Association.

But the corporate advertising campaign is also a sign that ITV knows it is in for a time of turmoil and is now in the political firing line in the way the BBC was a year ago. Mrs Thatcher makes no secret of her belief that she sees broadcasting as "the last bastion of restrictive practices" and has ITV mainly in mind.

To the embarrassment of ITV bosses, advertising revenue has continued to rise sharply with air time inflation running as high as 25 per cent a year at the same time as audiences have been declining.

In August, for example, ITV net revenue rose by 19.4 per cent compared with the same month last year, which itself was up 34.2 per cent on August 1985. Forecasts for this calendar year suggest revenue will rise by over 14 per cent and total around £1.35bn. According to some estimates there could be a slight flattening of growth next year to around 12 per cent, but this would still take ITV revenues to £1.5bn.

Industry estimates point to a pre-tax profit for the ITV system this year of around £200m - a figure which falls to £133m after the special Treasury levy on ITV profits is deducted.

Increases in revenue for the ITV companies are, however, increases in cost to advertisers. Organisations such as the Incorporated Society of British Advertisers have been complaining bitterly about having to pay more for less, and about some of ITV's sales practices.

The advertisers' campaign appears to be given considerable support this month by Mr Bruce Gyngell, managing director of TV-am, the commercial breakfast television station. In a speech circulated to the press, but not in the end actually delivered, Mr Gyngell accused the other ITV companies of losing touch with their audiences, and condoning "gazumping" of air time costs by allowing advertisers willing to pay the highest rates pre-emption rights to the best slots.

Audience research figures confirm there has been a fall in the commercial television audience. According to advertising agency Saatchi & Saatchi Compton, over the first eight months of the year, adult commercial impacts - the total of commercials viewings multiplied by total audience - had already fallen by 10 per cent across both ITV and Channel 4.

"To put the problem at its most stark, not only have adult impacts on ITV alone fallen by 12.1 per cent over the first eight months of last year, but they are 1.2 per cent lower in the first eight months of this year than they were in the first seven months of 1986," Saatchi & Saatchi said.

The fall in "commercial impacts" has come despite a large increase in the number of hours broadcast as commercial television, at least in the London area, has moved in the past few months to 24-hours a day broadcasting for the first time.

Broadcasting in the middle of the night, although it may be a cost-effective way of reaching normally light ITV viewers such as young males, has done nothing to reduce the demand for prime time to reach the mass audience.

Costs have risen not only because advertisers have had to advertise more to achieve the desired number of impacts, but also because of the continued growth from relatively new categories of television advertisers.

Financial advertising in the 12 months to August this year was up by 23 per cent compared with the same period last year. Institutional, industrial and corporate advertising on television rose by 40 per cent and publishing was up by 25 per cent. Apart from the corporate advertising campaign, ITV has been making strenuous efforts to recapture the few percentage points of lost audience, particularly among the young. It has also been trying to improve its scheduling against the legendary scheduling powers of Mr Michael Grade, Director of Programmes at BBC Television.

The first signs of success are already coming. In the week ending October 11, the total commercial television share of the audience was 54.6 per cent with ITV taking 46.2 per cent. Average ITV viewing per head accounted for 13 hours 16 minutes a week out of an overall total of 24 hours 30 minutes. In the same week last year, ITV had only 12 hours 39 minutes out of a total 23 hours 26 minutes.

"It's gradual but the audiences are building for the season's new programmes," Mr Shaw said. It is against such a background that a tense political battle is being fought over the future of commercial television.

The Government is planning to publish a White Paper on broadcasting early next year. It is intended to pave the way for a comprehensive new broadcasting bill scheduled to become law in 1989. The aim is to create a new structure for broadcasting designed to take the industry into the next century.

The process began with the Peacock Committee into the future financing of Britain broadcasting which looked at, and rejected, advertising on the BBC as either a partial or sole replacement for the license fee.

Other Peacock recommendations, such as a separate existence for Channel 4 - at present the subsidiary of the Independent Broadcasting Authority - and a form of auctioning of ITV franchises, are still very much on the political agenda although no final decisions have yet been taken.

Advertisers have been pressing either for the privatisation of Channel 4 or separate selling of its air time as a way of introducing more competition into the system.

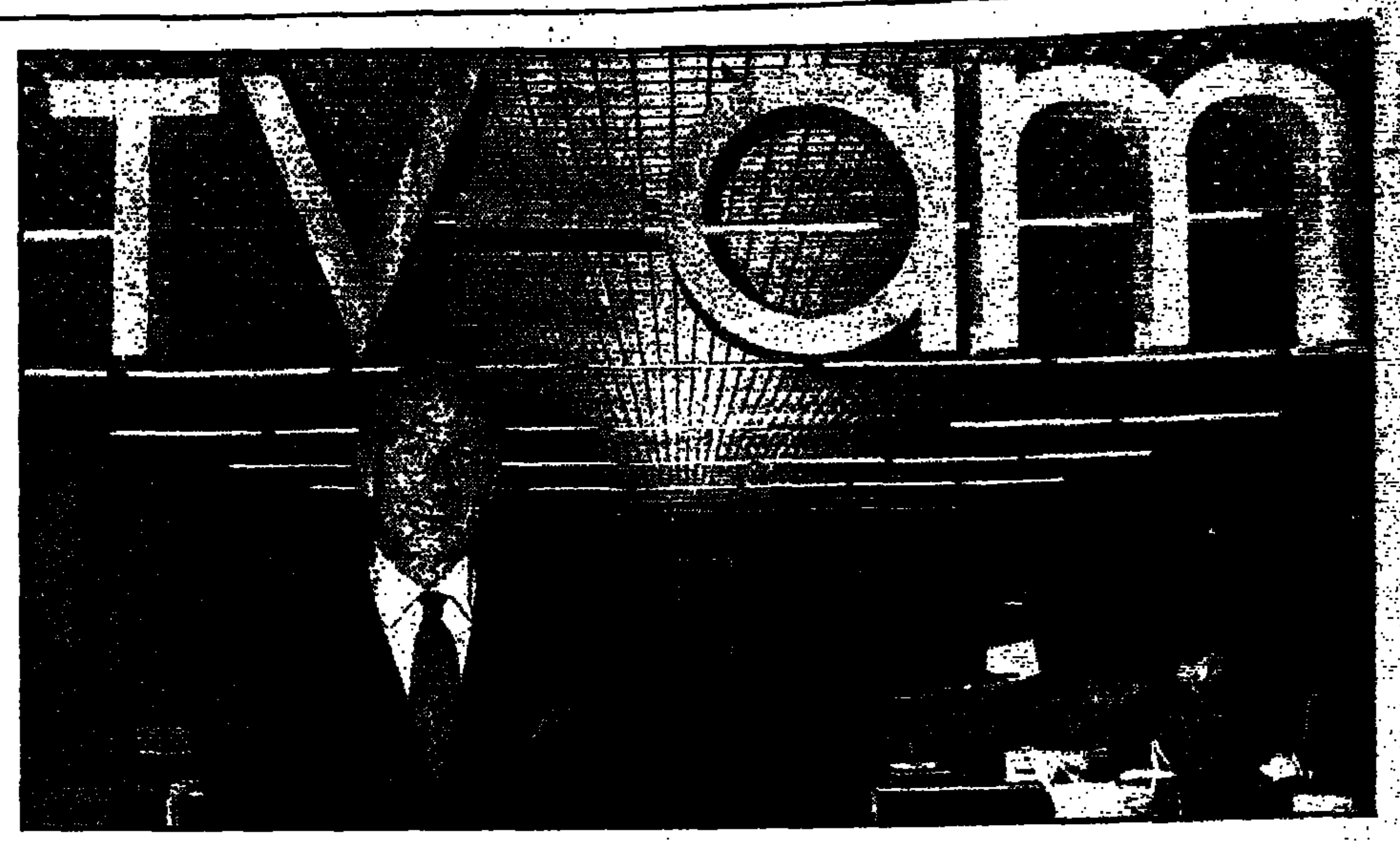
At the moment, Channel 4 and the Welsh Fourth Channel is funded by an annual subscription from the ITV companies based on 17 per cent of net advertising revenue. In turn, the ITV companies sell Channel 4's air time and keep the proceeds.

Some have, however, warned that while the total minutes of air time remain the same, competitive selling could actually push up the price. The best hope for relief from air time inflation could come from a possible fifth channel funded by advertising.

Dr Charles Jonscher, in a study for the Home Office on subscription television earlier this year, argued that the spectrum was not such a scarce commodity as had been envisaged.

In particular, broadcasting engineers are suggesting that a fifth channel on UHF could cover around 60 per cent of the UK, including the main urban areas, although new transmitters and aerials might be needed.

The Department of Trade and Industry and the Home Office have just announced a technical feasibility study into this fifth channel concept. At least some ITV managing directors have embraced the notion of a new competitive channel in the hope that Channel 4 would be left alone as part of a complementary two-channel system when new franchises begin on January 1 1993.



Bruce Gyngell: accused other ITV companies of condoning gazumping

Radio

# From frying pan to melting pot

IT IS HARD work running one of the 46 commercial radio stations which now pepper the country. Just as soon as you seem to have turned the corner into profitability, the Government comes along with new proposals that put the entire industry back into the melting pot. That, at least, has been the experience in 1987.

Advertising revenue in 1986-87 came out at £90m, a rise of almost 25 per cent on the previous year, and this substantial improvement is being maintained. The boom is not all of radio's making: the general economic well-being of the country, plus the spiralling cost of TV advertising, have undoubtedly benefited radio. But the industry has played its part. It is selling itself more effectively to advertisers.

The emergence of two new sales companies, one representing the Scottish and Irish stations, and one, Sound Advertising Sales, set up by Piccadilly Radio of Manchester (with Media Sales Bureau) to offer a nationwide service, means that there are now five sales forces promoting the medium.

They are also marketing a better-researched product, with the audience monitored every quarter. The latest data suggests that over 18 million people listen in some time during a week to mainland commercial radio, the highest figure since the time of the Falklands War.

More revenue and bigger audiences have ensured that virtually all the commercial stations are now operating at a profit. Most still have the accumulated losses of the past to pay off, but at least none faces the fate of Radio Leicester in 1983 - summary extinction.

The IBA has been forced to take a pragmatic view when stations get into difficulties and has approved a rash of mergers in recent months. Red Rose of Preston has been particularly acquisitive but Capital of London aims to take over DevonAir, and many of the west country stations have come together.

This integration into larger, better capitalised, companies is in response to the Government's bombshell Green Paper of February which envisages a quite different medium by 1990. The most revolutionary step is its apparent approval of three nation-wide commercial stations, one probably transmitting pop, one music and sport, one news.

The prospect of reaching a large national audience through the radio has been warmly welcomed by advertising agencies and Saatchi & Saatchi has estimated that such an innovation could triple advertising expenditure on radio to £300m in five years. (Many ad agencies have never liked radio because of the logistical problems in booking national campaigns.)

It would spell death, however, to many of the struggling smaller local stations, especially since the Green Paper also seems to approve of around 500 community stations, which would presumably be chasing the local advertising that forms the bulk of their revenue. Only by huddling together can local radio, as originally envisaged, survive.

At the moment, the Government is only thinking aloud and there is still time for the ILR stations to pull themselves together before the rules are changed. They have been helped by the IBA, not only in the matter of mergers but also through having their rental charges for transmitters and regulation cut by a quarter.

They have also attracted the interest of the professionals from the colonies. Darling Downs from Australia has 49 per cent of LBC in London, as well as stakes in 13 other stations, and IRS, the sales organisation; while Paul Ramsay, also from Australia, has a substantial holding in Capital Radio, Essex Radio, and Metro of Newcastle, as well as in BMS, the other well-established selling group. Another Australian concern, Linter, has minor investments in a handful of stations.

This can hardly be what the Government envisaged when it launched local commercial radio in the UK in the mid-1970s but this foreign financial muscle may well be needed in the next few years.

There is certainly minimal interest in extending the network to the originally-envisaged 60 stations, especially since the IBA can still kick out a management at the expiry of its contract, although new stations could emerge serving Oxford-Banbury and Taunton-Yeovil. If they arrive they will be serving larger communities than in the past.

Local commercial radio has been forced to change to survive. Along with new ownerships and reduced IBA charges,there has been the adoption of sponsorship as an alternative to spot advertising. Nescafe has just put up £500,000 to be associated with the Sunday afternoon chart show for the third successive year, and Coca-Cola, Pepsi-Cola and Seven Up also sponsor programmes on certain stations.

There are still restrictions on sponsorship, though - on backing drama for example - and this source of income accounts for less than 10 per cent of the total. But it could appreciate rapidly if local radio becomes more regionally, or nationally, organised.

The revitalised sales companies are increasingly selling radio by region, which fits in with ad agencies' experience in buying TV time. This has helped to halve the decline in national advertisers using the medium. Now half the stations' revenue comes from the major national brands; half from local advertisers, with the smaller stations much more dependent on the locals.

The big packaged goods manufacturers largely shun the medium, and the advent of breakfast television, which competes with radio's largest audience of the day, has not made it any easier to persuade them.

Local commercial radio is much more diverse than its originators planned. There is not much in common between Radio Suffolk, which has been forced to lay off staff recently, and Capital, with an advertising revenue approaching £20m and a successful Stock Exchange quote now behind it. Capital has made it clear that it will be going for one of the national stations.

Almost since its start, local radio has been asking for more flexibility and less control from the IBA. Now, deregulation has arrived with a vengeance, at least if the Green Paper leads to legislation. The IBA has announced that it wants to keep radio under its wing, rather than lose it to a new Cable Authority.

Given its history of overcoming every kind of vicissitude, there is a good chance that the local radio stations, with the IBA, will be able to form a mutual help alliance which will ensure that most of the past survives into an uncertain future. But it will be an uncertain future which at least offers the possibility of profits from a more important advertising medium, profits which have been hard to come by under the current regime.

**Antony Thorncroft**



Press

ROBERT MAXWELL, the ebullient publisher of Mirror Group Newspapers, is in an optimistic mood about the future of his newspapers and the growth in newspaper advertising.

"We are way ahead on advertising. It really is stupendous," says Mr Maxwell, who plans to print the Daily Mirror in colour from next year, and use the vacated black-and-white presses in his Holborn Circus headquarters to launch a daily free newspaper for London.

Mr Maxwell believes that national newspapers, using weapons such as on-the-run colour, could be about to fight back against their great rival, commecial television.

In fact, throughout the 1980s national newspapers' proportion of the total advertising cake has stayed remarkably constant at around 16.5 per cent, while television has risen from 25 per cent to more than 32 per cent, and the regional press has fallen from 25 per cent to 21.5 per cent.

The national newspaper industry would be transformed, Mr Maxwell points out, if newspapers were able to shift the balance of advertising by 3 to 5 per cent in their favour away from television.

Such a large shift in share in a market that has shown such marked stability is probably expecting too much, although it is possible the press could make modest gains at the expense of television, depending on what happens to television airtime costs in future.,

The view is at least an example of a new confidence in the newspaper industry, following the dramatic 18 months that has seen the rapid introduction of new computerised technology, a sharp cut in manning levels, and the launch of new titles, such as Today and the Independent.

More and more newspapers will be able to offer advertisers and readers on-the-run colour and clear, sharp printing from brand new printing plants in London's Docklands or printed under contract in modern regional plants.

The Observer is the latest national newspaper to experiment with front-page colour.

In the past, colour advertising has always been sold at a premium, although the size of the premium has been coming down as colour has become almost commonplace.

"The newspaper sector has a lot to go for. There is no shortage of things for them to do and possibilities for increasing their revenues," says Mr Michael Waterson, director of research at the Advertising Association.

Mr Maxwell 'way ahead on advertising'

# Colour gets commonplace

Apart from the move to colour, Mr Waterson is convinced that "below the line" areas of advertising, such as direct mail, have been growing very fast. This suggests that inserting of special advertising, such as large supermarket adverts, could be a potential growth area for newspapers.

Earlier this year, Mr Maxwell became the first national newspaper proprietor to order inserting equipment for his new colour presses capable of inserting pre-printed advertising material at the same speed as the presses run.

Whether newspapers can increase their present share of the advertising cake or not, there is widespread agreement that newspapers can look forward to a continuing period of real growth in advertising revenues.

Saatchi & Saatchi Compton, in a recent look at the advertising market up to 1995, forecast that virtually all the media industries are likely to show sustained growth and that the annual average increase in print advertising revenues would be 8 per cent, compared with 10 per cent for commercial television.

Not as far into the future, the Advertising Association is forecasting 13 per cent overall growth in advertising this year, with 15 per cent for television and 12 per cent growth for the press.

"The advertising industry is booming away like mad," said Mr Waterson. There is no sign of a serious downturn, though forecasts for next year are flatter. The Association still believes, however, that television will have 9 per cent growth and the press 8 per cent.

With considerable prescience, allowance had already been made in the forecasts for the end of the bull market in the Stock Exchange and the crash in share prices, which actually came earlier this month.

According to Association statistics, in 1986 newspapers and magazines secured £3.1bn in advertising revenue, representing 61 per cent of all media spending. Within that total, national newspapers accounted for £844m and regional papers £1.1bn.

The fastest growing category of advertiser in the national press so far this year has been household goods, with an increase of more than 46 per cent over the first seven months of this year, compared with the same period last year. Food advertising and financial services have also seen marked growth.

Regional newspapers have also been experiencing strong growth in advertising revenue buoyed up by the revival in classified job advertisements as unemployment starts to fall.

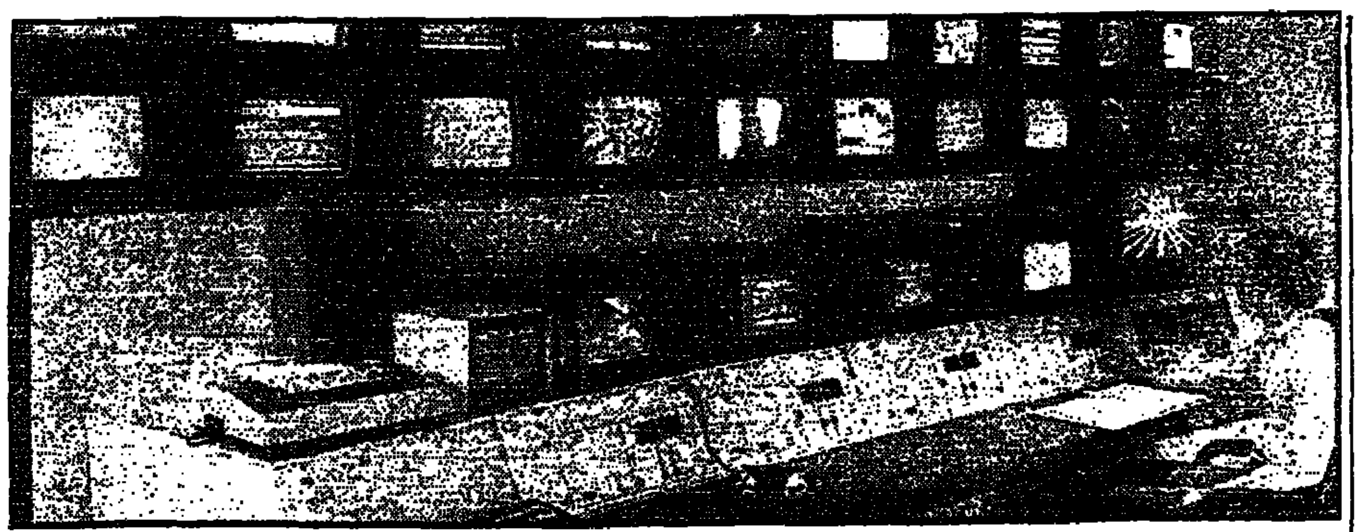
Around 40 of the regional dailies in the UK, including the Yorkshire Post, Eastern Daily Press and Northern Echo, have increased their circulations in the six months to June, compared with the same period last year.

The symbolic cross-over point when free weeklies earned more in advertising revenue than their paid-for rivals came as long ago as 1984. Now, in the year to March 1987, the more than 900 free newspapers in the UK took record advertising revenues of £335.5m.

If Mr Maxwell carries out his promise and delivers his free daily, the Londoner, to between 1 million and 2 million homes each day, the whole free newspaper movement could be given an even higher profile. At the moment, the only free daily in Britain, the Birmingham Daily Post, is still losing money.

Whatever happens in the battle between different media, Mr Waterson of the Advertising Association is convinced that every media sector will continue growing in real terms. "As we get richer, there will be more advertising," he predicts.

**Raymond Snoddy**



The cable television industry is expressing greater confidence about the future

New media

# Delivery likely at last

FOR YEARS the new media of cable and satellite television promised to become an additional outlet for advertisers, offering competition to the high costs of ITV. So far, however, it has delivered little.

There are growing signs, though, that things may at last be going to change. The cable television industry is expressing greater confidence about the future, and two new satellite television ventures being launched in the next two years hold the promise of a serious new medium for advertisers - both in the UK and throughout Europe.

The first to go up next September will be Astra, the 16-channel private sector television satellite being launched by the Luxemburg-based company SES.

The satellite is likely to bring together many of the existing cable television channels onto a single "bird" but also include new specially-created channels.

A five-company British consortium grouping - Carlton Communications, the television services company; Dixon's the retail group; Saatchi & Saatchi; Thames television and London Weekend Television; is looking into the possibility of producing two new channels of advertising-financed television on Astra.

This satellite will, of course, be able to deliver its programmes to the 12 million cable television homes in Western Europe. But it is a medium power satellite capable also of transmitting its programmes to dish aerial receivers on individual homes.

SES has claimed, though not all broadcasting engineers agree, that a 60 centimetre diameter ariel will be large enough to pick up a good quality picture in 97 per cent of the French, German and English speaking homes in Europe.

How effective an advertising medium Astra will be will depend very much on whether satellite television is something that captures the public imagination and the distinctive receivers become a mass product.

Some consultants such as Patrick Whitten, Managing Director of CIT Research, take a pessimistic view, and suggest that only about 550,000 homes in Europe will have the receiving equipment by the fifth year of the project. Certainly, the pan-European satellite television market has not made anyone's fortunes so far.

Mr Rupert Murdoch's Sky Channel earlier this month announced that pre-tax losses in the year ending June 30 had risen to £10.2m compared with £5.7m the previous year. Advertising revenue was up but this was outstripped by rising costs of programme acquisition and production.

Mr Murdoch's News International which owns 82 per cent of Sky, a general entertainment channel, is now underwriting a £22.6m rights issue designed to pay off a £9.7m overdraft and finance the channel at least until the end of 1988.

The arrival of Super Channel, the new advertising-financed European satellite channel-launched at the beginning of this year by 14 of Britain's ITV companies and Richard Branson's Virgin Group - has also made things more difficult for Sky by splitting the available advertising market.

Super Channel, itself, had a difficult first six months. This was despite transmitting a widely-praised evening news programme with an international flavour, provided under contract by Independent Television News.

In August, Super Channel shareholders cut jobs and budgets after advertising revenue failed to live up to expectations. Among the job losses was that of Carol Haslem, the director of programmes. Charles Levison, joint managing-director of the channel left to join the Virgin Group.

Shareholders decided, however, to continue backing Super Channel but changes in programme strategy include broadcasting some programmes in European languages other than English. Next month the channel intends to start broadcasting a Dutch language comedy programme, and German language programmes with English subtitles are planned for next year.

The most ambitious satellite plans are those of British Satellite Broadcasting, the consortium planning to launch direct broadcasting by satellite (DBS) in the UK.

BSB plans to launch three new television channels in Britain in the autumn of 1989 in a project that will cost £625m. The channel that will offer general entertainment, live events and news and films, will be funded by a mixture of advertising and subscription, including the possibility of Pay-per-view for individual programmes.

BSB has investors that include Granada, Virgin, Pearson (publishers of the Financial Times), the Bond corporation of Australia and Reed International. It expects the largest stream of revenue to come from subscriptions in the first years of the project, until the number of viewers builds up. BSB hopes to attract 400,000 homes in its first year, with numbers building rapidly to as many as six million by the fifth year of the fifteen year franchise.

Mr Anthony Simonds-Gooding, the recently-appointed BSB Chief Executive, says his aim is to create a "bluechip third force in British Broadcasting" capable of competing with the BBC and ITV.

**Raymond Snoddy**

Posters

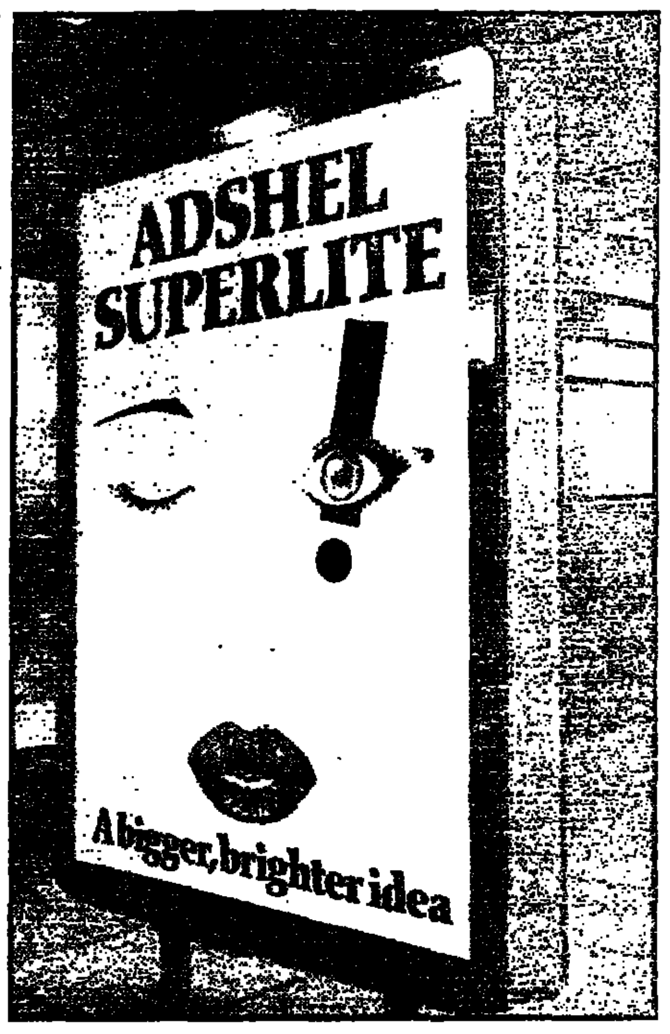
# Sticking to low prices

OUTDOOR advertising may have been somewhat short on dynamism in recent years, plagued with internal problems of getting its house in order, and battling to present a more accountable image to advertisers. But events in recent months have served to push this low-profile medium more squarely into the public spotlight.

The referral of contractor Mills and Allen's takeover of London and Provincial to the Monopolies Commission - verdict imminent - together with the management buy-out at British Transport Advertising, have given the industry a welcome if controversial injection of newsworthiness. The result is a fresh gaze of attention on this oldest and most noticeable of media.

Other developments include the continued emergence of Primesight, which specialises in bus and airport terminal advertising, as an aggressive marketing force, while upmarket More O'Ferrall has launched its novel Superlite Adshel sites (enlarged luminous posters on bus shelters). Arthur Maiden has unveiled its £1m computer-controlled graphic animated display "Spectacolour" at Piccadilly Circus, which makes film out of posters.

The BTA buy-out brings it into the private sector and means the company which handles 10 per cent of the UK poster advertising market is freed to expand into new markets. Previously it was prohibited by law from working for the private sector, when its role was to sell advertising on behalf of the UK's nationalised industries and public utilities. BTA sites include 15,000 on British Rail stations, 10,000 roadside sites on BR land, plus another 15,000 on bus sides.




Adshel Superlite: Illuminating new medium

Financially there is good news for the sector and the owners of the country's 60,000 poster sites - interest in outdoor advertising is continuing to rise. According to latest figures from the Advertising Association, posters' share of advertising revenue stands at 4.5 per cent of the total. Since its peak year of 1979 when it was up some 5 per cent - other media benefited from a crippling television strike - its share of total ad revenue has fluctuated around the 3 to 4 per cent mark.

Last year posters notched up £192.7m in revenue, which is 17.5 per cent growth on the previous year. For the first half of this year the figure is £95.5m, which bodes well for the industry's total annual fortunes.

To attract advertisers the medium has knocked itself into better shape than ever. It remains cheap with little real increase of outdoor prices in the past five years. It continues to inspire some of the most noticeable creative talent in agencies. And now, with the one-year-old Oscar research service underway (it offers advertisers data on the likely audience for every poster site in the country) it is more accountable than ever.

Meantime, the upgrading of sites continues, with poorer quality sites being removed, and increasing flexibility in site buying means campaigns can be bought in less-than-a-month spells.

General wisdom has it that short bursts in poster campaigns are the most effective. It is said that 75 per cent of a poster's audience will see it in its first two weeks. The Today newspaper campaign created something of a breakthrough earlier this year when it ran a one-week campaign with a new poster going up in the first week of several months. Increasingly, contractors are gearing up to offer advertisers the sort of flexibility that three years ago would have been unthinkable.

But there is still a way to go. According to leading poster buying specialist Dennis Sullivan, managing director of Portland, what the medium needs now if it is to become a natural alternative or support to television, is to be well documented, of known quality and, above all, at a known price. This would mean it could be considered alongside the first choice of medium. To this end he proposes the introduction of rate cards and a longer-term commercial approach by buyers and sellers alike. Only this way, he argues, will the medium sustain its recent growth.

As an industry, the poster business now makes an effort to flag its success stories with the introduction last year of the Poster Marketing Effectiveness Award. This year, the jury made two awards to McDonalds Hamburger Restaurants for a campaign by Leo Burnett which attracted extra sales, and Manchester Airport for a campaign by Stowe Bowden Wilson to promote long-haul flights to business travellers.

Meanwhile, the poster community awaits the outcome of the OFT referral. In brief, the takeover of the financially ailing London and Provincial by Mills & Allen was agreed on condition that there was a substantial disposal of sites within a given time period. This MAI only just failed to do - and there were unforeseen reasons why this was so, it claims - hence the referral.

MAI's market share of poster sites stands at about 28 per cent (this excludes transport on buses and train stations). The next largest contractors, are Arther Maiden and More O'Ferrall with 21 per cent each. The outcome of the referral should be known in a couple of weeks.

Observers of the industry scene comment with some irony that the television contractors that enjoy virtual monopoly - and will probably continue to do so until satellite television takes off - escape such analysis, while the poster industry which accounts for a mere fraction of ad revenue is subject to minute scrutiny.

Nor is it the first time the industry has had a brush with the OFT - in 1982 the Office disbanded British Posters, the one-stop sales organisation which controlled 40 per cent of sites in 1981, in a move that many observers believe set the industry back some years.

**Feona McEwan**

The young, in particular, can be reached at the cinema

# Big screen booming again

CINEMA advertising used to be all about telling the audience which local Chinese take-away was open after the film. Standard footage of a Chinese restaurant was shown with a rather serious voice-over explaining that Mr Wong's cuisine was to be found only 100 yards "from this cinema".

But all that has changed in recent years. Admittedly, the adverts for the local Chinese take-away still exist, but the resurgence in cinema-going among the public has opened up a whole new market for advertisers wanting to reach specific groups.

In particular, it is the young that cinema advertising can reach, since they have been attracted back to the big screen. Some eight out of every ten cinema goers are under 35, while 60 per cent are 25 or under. Moreover, cinema-going is not the working-class leisure pursuit it once was: the ubiquitous yuppie is more often than not to be found in the local cinema for a night out.

Going to the cinema has become fashionable and the figures bear this out. From the low point of 1984, when cinema admissions in the UK slumped to 58 million (nearly half the level at the start of the 1980s), the popularity of cinema going has risen sharply. Last year the industry recorded some 73 million admissions; this year the trend suggests a rise of 10 per cent to 80m.

What has fuelled this recovery has been several factors, not least a series of box office successes, such as Back to the Future, the Rocky films, and Crocodile Dundee, amongst many others. At the same time, substantial sums have been invested in refurbishing cinemas to make them more attractive places to go for a night out.

The cinema has also benefited from some poor programming on television - its old enemy - in recent years which has made a trip to the cinema more attractive than watching television at home.

**It is no longer just a working class leisure pursuit - the yuppie is there, too**

Surprisingly, the boom in cinema attendances has also been helped by the popularity of watching feature films at home on pre-recorded video cassettes.

"Trade research has shown that people who hire video films are also regular cinema goers," points out Mr Peter Howard-Williams, sales director of Rank Screen Advertising. He cites the example of the first Rocky film, featuring Sylvester Stallone, which did not do as well at the Box Office when first released but did much better business on video release.

"This created a demand for the subsequent Rocky series of films which have all been big successes," he adds.

Rank has now emerged as the dominant force in cinema advertising. For years it shared a virtual duopoly with Pearl & Dean to provide cinema advertising in Britain's cinemas. However, last year it won the contract to provide the advertising in the Star and Classic cinemas, owned by the Cannon Group, from the beginning of this year.

When Cannon last year bought the ABC cinema chain, Rank also gained this extra advertising business from July of this year. The result is that Rank now provides the advertising in almost 80 per cent of the 1,200 screens in the UK.

Actual expenditure on cinema advertising, however, still remains very small in comparison with most other media markets. Last year some £19m was spent on cinema advertising, including estimated production costs. This was a rise of some six per cent over 1985.

But Rank remains optimistic that cinema will prove an increasingly attractive niche market to advertisers in search of youth markets. It has worked hard to make the medium flexible and cost effective to get advertisers in.

For example, under the Audience Delivery Plan, an advertiser can decide how many people it wants to see the commercial and then buy that number. The commercial is shown in cinemas until the required audience target has been reached.

Cinema advertising is also relatively cheap - ranging from £10 to £15 a week for the local Chinese take-away (which has to buy time for over a year to earn this rate) through to a few large jeans and drink advertisers which spend over £200,000 a year.

Last year the industry had to come to terms with the disappearance of tobacco advertising from cinema screens as a result of the advertising agreement between the Government and tobacco industry. But its new found confidence has enabled it to act aggressively to win new clients - such as the banks and building societies - and cinema has also become a prime advertising medium used by Government departments to make the young aware of the dangers of drug abuse and Aids.

**David Churchill**

The advertising might seem very basic but it is meticulously researched

Profile: B&Q

# Basic line sells well

THE ADVERTISING created by Dorland for B&Q, the out-of-town DIY specialists, will not win many creative awards but it sells an awful lot of paint, wallpaper, tools, and garden products.

This year B&Q sales will top £500m, giving it a 10.6 per cent share of the DIY and gardening market. Its ambitions are unbounded. By heavy and sustained advertising, it wants to see off some of its six or seven rivals in what has become a congested field. Already there has been some faltering in their ranks, while B&Q still plans up to 30 new stores a year on top of the 200 plus already in place.

B&Q will invest well over £20m on advertising this year, although this includes much promotional material. When the account came to Dorland four years ago, the spend was less than £5m. But, with the advertising budget linked to sales, the expenditure has rocketed ahead as new stores have come on stream to boost turnover.

Early this year Dorland selected two TV areas to test the effect of a very much increased ad spend on sales. It proved a success and the total budget has been expanded by £3m. Ironically, TV as a medium was not the most effective trigger for extra business. Local press and door-to-door leaflets pushing specific brands made the most impact.

Television is used by B&Q solely to project the image of the store. The commercials carry no products or prices. They create confidence: on-the-ground publicity prompts the visit to the stores.

While the advertising might seem very basic, it is meticulously researched. The catchline "You can do it when you B&Q it", injects confidence, and, unlike some of the competitive advertising, it gets the store name across. In contrast to the high street stores, with their shop windows passed daily by thousands of potential customers, the out-of-town shopping centres depend on advertising to make their presence known to the public.

At first, B&Q concentrated very much on the local media, with great attention paid to a map of the location of the store. Now, with over 200 stores, national media are being more extensively used. In both August and September, not usually the busiest months of the retail year, B&Q spent £2m. Its competitors could not match such a blitz.

Dorland is currently a major retail agency, with Woolworth and Presto among its clients. Retail work demands an approach to advertising that some "creative" shops shy away from. Instead of putting all the money behind glamorous TV commercials, retail means producing thousands of ads for the local press, promoting brands for short periods, and being prepared to respond quickly to a fluctuating market place.

It also involves such below-the-line pressures as new store openings, DIY clinics( where experts advise the public) and the need to adjust to sudden crises. If a store's sales start to fall off, the agency will be called in to stop the rot with more advertising and promotion. It is definitely "hands on" advertising.

Dorland's account team, led by Brian Hovell, is committed to sinking the competition by out-advertising it. There is only a limited number of good sites outside affluent towns and some shake-out is inevitable. But there are two other challenges facing the team. One is how to compete with Woolworth, which is also heavily involved with gardening and DIY products, while sharing a building with the Dorland account group looking after that client.

The other is how to move B&Q into the home centre sector, concentrating on soft furnishings costing up to £1,000 for a three-piece suite. At the moment the few home centre outlets in operation trade under the B&Q name, but a more refined approach might be needed in the near future to cover merchandise so different from the traditional DIY products.

**Antony Thorncroft**

Profile: Aids campaign

# Strong words pay off

FOR ONCE there can be no dispute about the most momentous advertising campaign of the past year - the blitzkrieg, orchestrated by the Government, to alert the population to the danger of Aids. It began tentatively, with TBWA, the agency which handled the blood donor appeals, being asked to produce some fairly discreet press advertising.

But then the horror of a contagious disease, for which there is, as yet, no known cure, hit the health authorities. The advertising became much more extensive, direct, and penetrating. In all, over £20m has been spent informing the population about Aids.

The overall impact, though, has been even greater because the media have rallied round, offering free space on posters and in the press. Even the BBC ran commercials, and joined in a concentrated week of propaganda during which the perils of Aids and the need to wear condoms seemed to absorb every second of television time.

And it has worked. Two years ago most people were fairly ignorant about Aids. Now, over 90 per cent of the population know that it is a sexually transmitted disease. Hand-in-hand with the intensified advertising, there has been continuous research, mainly by BMRB. This has been of great help to TBWA in determining how to formulate the advertising.

The first campaign was aimed at everyone, partly because if Aids took a hold, in time, it could affect most families; partly because the Government wanted to avoid the building up of prejudice against the groups (homosexuals, drug addicts) most at risk from Aids. With such an emotive subject, the advertising world was quick to pounce on TBWA's initial advertising, with its threatening icebergs and megaliths. They were considered to be obscure and other agencies were quick to come up with their own ideas.

There has been much less criticism of TBWA's more recent work, in particular the campaign launched in September. This is aimed directly at drug addicts who use needles. In some parts of the country, half the Aids virus carriers are such drug users, who catch the disease from an infected needle. The TV and cinema, radio, and poster ads created to make them think at least twice before sharing a needle, must be some of the strongest, most plain-speaking advertisements ever to appear in the UK. It shows just how seriously the DHSS takes the epidemic that its ministers have approved the copyline "It only takes one prick to give you Aids".

The advertising has been carefully researched. It requires precise tuning to produce ads that will have an effect on mainly young drug addicts who have often turned their backs on society. Just getting the tone of voice, or the clothing, wrong can lose the audience.

Of course, by concentrating on the Aids threat to drug users, in particular heroin addicts, the ads can also be seen as deterring people from experimenting with hard drugs. Whether the two campaigns should come together in one message is intriguing the advertising world.

The photography is the work of Don McCullin and is certainly the most painful and disturbing ever to be seen on poster sites throughout the country. The advertisments have also been accepted by 33 magazines with a mainly young audience, ranging from The Face to Smash Hits. This may seem like disturbing innocent children but experimentation with drugs can start in the early teens.

What is remarkable about the campaign is the way everyone has rallied round. No advertisers have withdrawn their commercials from a TV slot also running the AIDS campaign. The media have taken the ads and often offered extra space free. The UK's speedy and whole-hearted approach to fighting Aids has led the rest of the world and its experience is being copied in countries like Belgium and Italy.

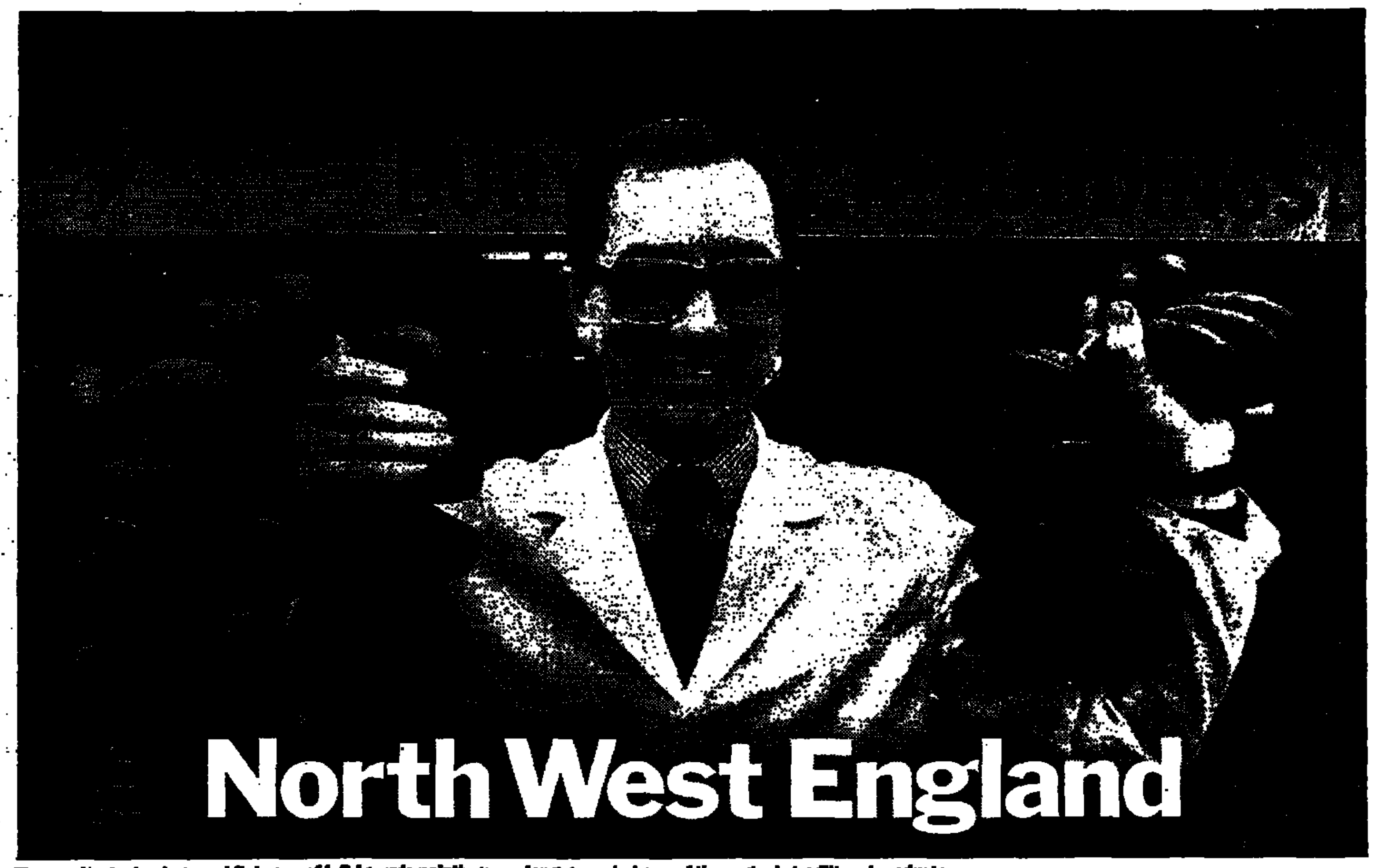
It is an advertising campaign designed to change attitudes among those most at risk, attempting to persuade the confirmed drug addict not to share needles while also deterring experimentation by the susceptible young. It does not preach, but presents the facts as frankly and explicitly as possible. But the campaign has also changed attitudes in the media and in Government departments. For once the advertising world has managed to act for the public good, with a unity that has won it approval and respect.

**Antony Thorncroft**

SECTION III

# FINANCIAL TIMES SURVEY

The North West is one of the engines of the British economy. The recession put it in the dock for repair and reconstruction but rising business confidence suggests the region is getting going again, led by its bustling capital Manchester. **Ian Hamilton Fazey** reports




**The smokestack, clogs and flat caps of L.S.Lowry's paintings are long gone, but one of the region's traditional products is still doing good business. Mr Ronald Hodgkinson shows off his wares at his *black pudding* stall in Bury market.**

CONTENTS



Pictures by Mike Arron

## A warming up of the engine

THERE IS A LOOK of returned and growing prosperity about much of the North-West these days, a revival which matters not just for the region itself but for Britain as a whole.

The North-West is after all where the Industrial Revolution began and the region has been one of the great engines of the British economy ever since, still contributing some 11 per cent - £31bn - of the UK's gross domestic product (gdp).

*If the North-West is not doing* well, then usually neither is much of the rest of the country.

The indicators of major turnround since the recession of 1981-83 are many. Unemployment has been falling in the region now for 15 consecutive months. This month the fall in jobless was about 50,000, compared with a monthly average fall of 38,800 in the previous half-year, suggesting a quickening in the pace of recovery.

Recovery is also showing up in business confidence. The regular quarterly surveys of the two main regional chambers of commerce - Manchester and Merseyside - have been reporting steady increases in business optimism, orders, use of capacity and job prospects.

Of the two, Manchester, with its more broadly based economy, is doing better but all is not gloom on Merseyside, where expanding smaller companies are experiencing better profitability, and achieving more efficiency, higher added value and an *improved return on capital.*

Proof came this month when Investors in Industry (3i) published some research by its Manchester and Liverpool offices into success among smaller businesses in the North-West. One part assessed the health of the region's corporate economy through a representative sample of 100 customers of 3i's Liverpool office.

Pre-tax profits, profit to sales ratios, and return on shareholders' funds were indexed to 100 at 1982 levels, when industry was at rock bottom. This year's profits index was 711, that for the profit to sales ratios was 201, while the index for shareholders' returns was at 193.

The research also provides an insight into the restructuring that has taken place in Britain's oldest regional industrial economy. In 1975 manufacturing industry in the North-West accounted for 41.8 per cent of regional gdp, compared with a national average of 35.8. By 1985, the regional figure was down to 36.7 per cent and the national one to 31.2 per cent.

So regional dependence on manufacturing declined by much more than the national fall, but the contribution of *manufacturing still remains* considerably higher than average.

Government figures show the position rather more dramatically. In 1979 there were 971,000 employed in North-West manufacturing industry. The figure for September 1986 showed a 34 per cent fall to 638,000.

That is still 28 per cent of Britain's manufacturing jobs and the Government argues that they are much more secure because they are in a broader base of industries and in companies that are trading strongly. Industry and commerce in general agrees with this view.

The big shift in the North-West has been into services, which 3i says accounted for 35.2 per cent of 1985's regional gdp, compared with 32 per cent 10 years earlier. The contribution of primary jobs - in agriculture, energy and the like - went up by only about 1 per cent, nearly the same as that from those in the public sector.

This is against the UK trends, where primary employment's contribution to national gdp rose from 7.9 to 18.9 per cent, that from services fell from 33.2 per cent to 28.5 and the public sector's went from 23.1 per cent *to 21.4.*

The conclusion is that the North-West economy has shifted from being predominantly dependent on manufacturing to being equally dependent on manufacturing and services, with the public sector's contribution at about the national average.

Many of the new jobs have strengthened Manchester's position as the regional capital - indeed, as the capital of the North in general - with a tremendous upsurge in financial and professional services.

This in turn is symptomatic of corporate recovery, for the one pays for the other. But it also reflects what may be an accelerating growth of change in who owns business in the region.

Management buy-outs are becoming legion. All the professionals are doing well out of servicing them. Flotations are also on the increase. The implications of both these trends - which put more and more business decision-making into local hands - could be very important for the 1990s, especially since the companies involved are, almost entirely, growing ones.

In these smaller, growing businesses there has been a *change in attitudes towards equity.* Five years ago, small businesses would give none up and stayed small. Now they rush to put a market value on their worth and then work hard to make their own *holdings* even more valuable.

Mr Magnus Mowat, who opened a Manchester office for Barclays de Zoete Wedd with great success, says: "There has been a marked increase in entrepreneurship in the last three years. It's widespread in all sectors. It's all about energy and drive. There's a better atmosphere and the rewards of success are there. The environment is stable and business prospects are good."

Mr Fraser Grant, a leading accountant who chairs the Manchester Financial and Professional Forum, says: "The region is very buoyant now. There has been a great restructuring of industry as a result of which many companies went to the wall. A number has gone back to their basic, primary line of business by way of buyouts or sales to other companies.

"There is a resurgence of spirit. The workforce is proving itself both stable and adaptable. There are new industries in the mill towns. We have resources in terms of labour, good communications, Britain's northern international airport, and good infrastructure."

Images of the area, too, are *now outdated Mr. Grant argues.* "People think of us as smoking chimneys, cloth caps as in the paintings of L.S.Lowry, and Coronation Street. They have an image of grubby old mill towns. *It's not like that at all."*

The region now stands to benefit from the Goverment's retargetting of urban aid spending. Liverpool and Manchester are two of Britain's problem cities, despite the upturn, and Mr David Trippier, the inner cities Minister, intends to see aid channelled into them.

He foresees spending more on converting disused, derelict mills into sheltered, managed environments for more small businesses to grow in, with spending cuts concentrated on social projects that do not create jobs.

He hopes that the 57 local authorities in the region will be with him, or will at least try to follow the example of Oldham, which he says always tries to co-operate with Government, in the true spirit of the word, over industrial development.

He says: "If you can get the support of local government you give greater confidence to the private sector. It's better than just the Government and the *private sector trying to do it.* But we are prepared to by-pass local authorities if necessary."

The two inner city authorities of Liverpool and Manchester have been the most implacable *in insisting that municipal solutions* be followed. In Manchester the posturing has been more about words than deeds, and the city council has worked hard to ensure that the city centre looks attractive to business.

However, Mr Simon Sperryn, chief executive of Manchester Chamber of Commerce and Industry, warns: "Local authorities underestimate the effect of their rhetoric on the world outside. The rhetoric is aimed at their own left-wingers and is supposed to be for internal consumption but it is seen as something very different by the business community."

The result is that private and public sectors do not work together as fully as they could. The Government's two main anti-dereliction initiatives - the urban development corpora*tions of the Merseyside dock*lands and Trafford Park in Greater Manchester - have therefore had mixed receptions by town halls but have been welcomed by industry.

*The Trafford Park UDC has* been particularly welcomed by the Fuji and Sanwa banks which, along with Deutsche Bank, are the latest arrivals on the Manchester financial scene.

The two Japanese banks have been showing round numerous potential inward investors from home in the last few months. Trafford Park, at the heart of the national motorway network, looks very attractive to them.

So does much of the North-West, with its beautiful scenery and the very comfortable, suburban and semi-rural boroughs and villages which have grown up around the main towns.

Mr Sperryn thinks that others

Continued on page 3

## Industrial infrastructure

# Broad manufacturing base lends greater stability

IT IS a myth to think of the North West depending on textile and smokestack industries and struggling to adjust to their decline or collapse - but the image persists because the 1980s have involved a readjustment so harsh that the region has lost 34 per cent of its manufacturing jobs since 1979.

Then, 971,000 people were employed in manufacturing. In September 1986 manufacturing accounted for 638,000 jobs. But the scale and depth of the shock caused by such losses may well have obscured important trends that are only now beginning to become clear.

For even at this reduced level, manufacturing still accounts for nearly 28 per cent of total employment in the region and one- eighth of total manufacturing jobs in the UK. Moreover, spokesmen for the Government and private sector say that there is now a much broader base than 20 years ago, lending greater stability and a better *prospect for growth.*

The survivors of the shake-out claim to be genuinely leaner, fitter, and - through investment in high technology and modern plant - adding more value at higher levels of productivity than ever before.

Only in the last two years have people begun to appreciate the real breadth of the economic base and the opportunities it offers. The view of business is that it is not so much a matter of new jobs coming in, to replace the lost ones, but of building upon emergent strengths, a growing need for services - especially financial and professional ones - and, in Greater Manchester, of making use of the largest collection of higher education campuses in Europe.

The depth and scale of the shock may also have taken people's eyes from the longer view of what has been happening, for change is not new to the North West.

The Department of Trade and Industry now classifies between a quarter and a fifth of the North-west's manufacturing industry as belonging to the engineering sector. Here, high technology dominates, though there is still a fair amount of basic metal goods fabrication.

For example, Ferranti has based its microelectronics research and development centre in Oldham and is a major employer on two other sites in Greater Manchester. ICL has a £21m mainframe design and development centre at West Gorton and is building its latest generation mainframes in Ashton-under-Lyne.

Siemens, meanwhile, has chosen the North-west as the place where it is going to expand. Considerable investment will follow. Honeywell is another computer giant with a North-west presence and so are Olivetti and Hewlett Packard. Philips is present through Mullard in Manchester and Southport, making electronic power and microwave semiconductors.

The range of markets goes well beyond large industrial uses. Both Brother and Sharp - serving industrial, office and consumer markets - are active, employing 250 and 300 respectively in Greater Manchester. Minicomputing is well served, with the strong marketing presence of names such as Apple and IBM.

Add to this a growing infrastructure of software houses and it soon becomes clear why the North West is the UK's second largest employer in the electronics and information technology industries after the South-east. It is ahead of Scotland, for all the claims of Silicon Glen, and much of its long term strength derives from businesses which are indigenous to the region - not imported - concentrated in and around Greater Manchester.The giant Plessey and the growing Volex groups are also significant forces.

The defence and transportation industries are also strong in the region. Ferranti is, again, a major force here, but so are British Aerospace, GEC-Marconi and Simon Engineering . The region produces aircraft and guided missiles at plants in Oldham, Stockport (the Advanced Turbo Prop), Preston (the Tornado). and Bolton and Chester (wings for the Airbus).

At Barnoldswick, high up in North-east Lancashire, near Colne, Rolls Royce has an aero engines plant. Guided torpedoes are made on the Wirral peninsula at Neston. The region's two shipyards - Vickers at Barrow and Cammell Laird at Birkenhead - are in common, privatised ownership and make submarines and surface warships.

GEC is widely present throughout the North West in electrical, electronics and mechanical engineering. For BICC the region is a base for cable-making. Turner and Newall, which makes a wide range of engineering products and components for many industries, has its world headquarters in Manchester.

Motors, commercial vehicles and their associated component makers remain an important part of the regional economy. Ford's Halewood plant on Merseyside now tops the company's European productivity lead and has been entrusted with making high quality vehicles.

General Motors is present with its Vauxhall plant at Ellesmere Port but even more significant for GM is Delco Electronics at Kirkby, which makes high tech components for every car manufacturer. Ford, GM and Pirelli in Carlisle have shown *their confidence* with major investment.

Meanwhile ERF Trucks of Sandbach has experienced an upturn and has been taking on labour. Its neighbour, Foden, now owned by Paccar or the US, this year confidently unveiled a new range of trucks that were the product of considerable research and investment.

While Sandbach has been bucking the trend - heavy goods vehicles and buses have been hit badly by recession and import penetration - Lancashire's *commercial vehicle industry* has suffered. But, slimmed down, Leyland Bus has been bought out and lives to fight on, while Leyland Trucks has merged with the Netherland's DAF, so a core of skill remains in the county.

Another big building block in the industrial infrastructure is the nuclear industry. The bulk of the expertise which comprises nuclear Britain is now in the North West. British Nuclear Fuels (BNFL) and the UK Atomic Energy Authority employ 30,000 people in Britain, 60 per cent of whom are in the region.

Apart from direct employment, the company supports scores of small to medium-sized high technology consultancies in the area as it continues on an investment programme that will spend £1m a day for the next decade. Moreover, it now posseses a sophistication of expertise in chemical, mechanical and civil engineering that is probably unmatched anywhere but in France.

High technology dominates another staple in the industrial infrastructure - chemicals. Shell, which has major complexes at Ellesmere Port and Carrington, near Manchester, has moved its chemicals headquarters from the South-east to *Chester as a result.*

The strong concentration of chemicals giants in the region includes ICI, Ciba-Geigy, Chloride, Procter and Gamble, Unilever, and Colgate Palmolive. Smaller companies like Lankro, makers of speciality industrial chemicals, also flourish, as does advanced chemical engineering design in such burgeoning businesses as that of Costain Petrocarbons.

The region also contains a quarter of the UK's glass industry, dominated - in both size and technology - by Pilkington at St Helens, the world's biggest glassmaker.

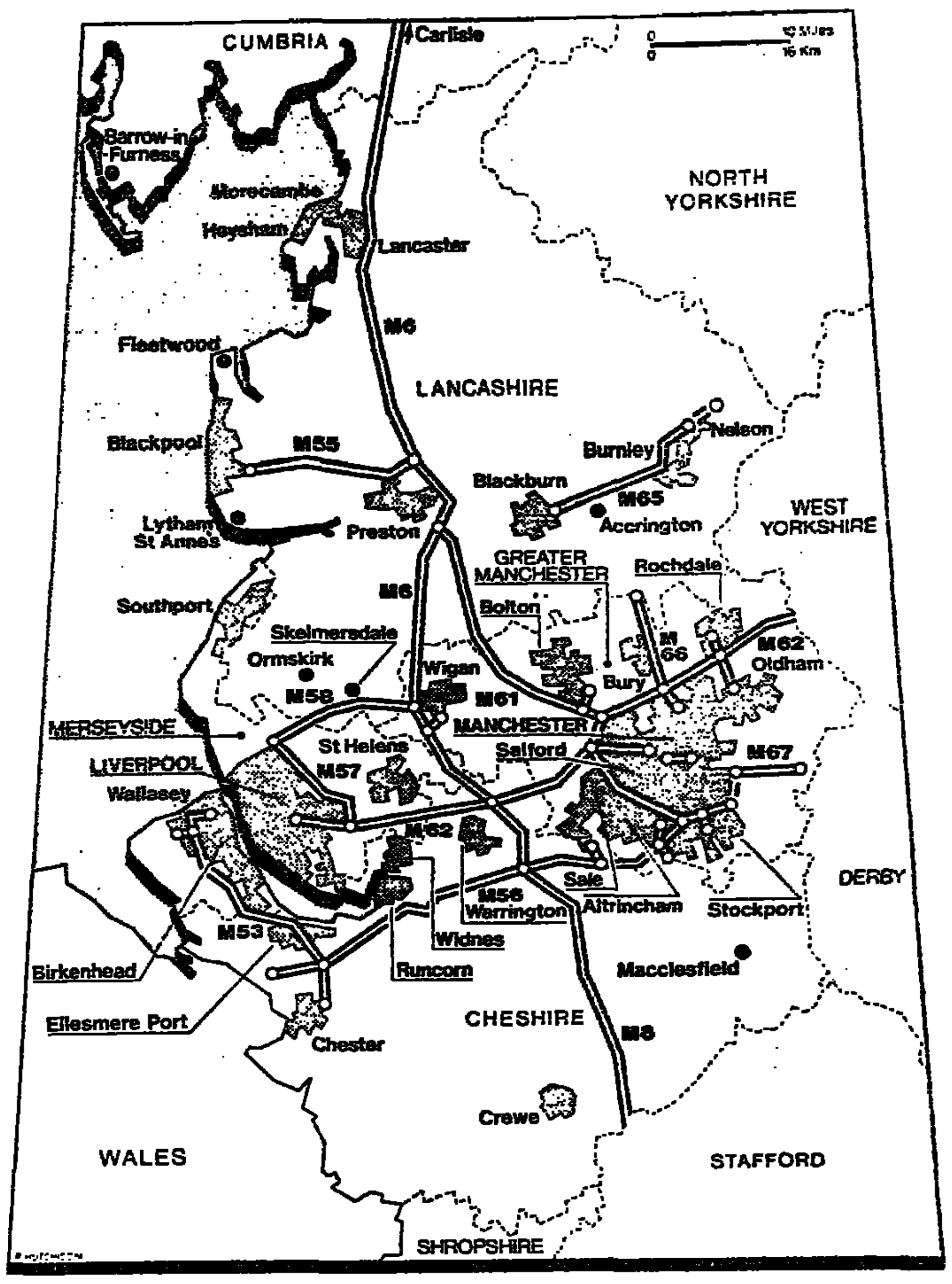
Food processing is also developing fast under managerial regimes that have to make the most of high technology investment through achieving high added value and high productivity. Unilever, Heinz, United Biscuits, Kellogg's, and Roberston's jams are prominent, with smaller companies like Park Foods of Birkenhead doing very well out of marketing food in Christmas hampers.

*So what then of* the traditional North West industries of textiles, clothing and footwear? Employment across the region has stabilised at about 55,000. High technology, high added value regimes are, again, the key.

Nevertheless, this is a sector that alone employed 622,000 people at its peak in 1912. It has not been the backbone of the regional economy for a very long time, however strong the myth.

Things can never be the same again, however strong the return *of confidence manifested* by new investment by the main groups - Coats Viyella, Tootal and Courtaulds. But, given the region's broader base, the question is whether that matters.

**Ian Hamilton Fazey**




## Geography and politics

# Regional identity begins to transcend rivalries

THE NORTH WEST is a mystery to many who live there. Does it really exist? Is it not merely an accidental grouping of disparate cities and areas? Rivalry abounds. Its two big cities of Liverpool and Manchester, for example, have feuded for more than a century over which is the better.

While these two descendants of the Industrial Revolution have squabbled, the ancient counties of Lancashire and Cheshire have distanced themselves. So have Pennine towns which have felt part of no community but their own.

Meanwhile, the equally ancient counties of Westmoreland and Cumberland have been lumped with a cut-off piece of old Lancashire into a new county called Cumbria. It makes its own special contribution to the confusion by trying to be in two economic regions - the North and the North West - at the same time.

It takes an outsider to impose a national perspective. When Mr Simon Sperryn became chief executive of the Manchester *Chamber of Commerce and Industry*, he came from Northamptonshire and, before that, Birmingham.

He says that all regions have internal rivalries and no shortage of local people complaining that different comunities "should get their acts together." But outsiders cannot see the differences, only a coherent grouping of economically interdependent places.

"The rest of Britain sees the North West as a whole entity," he says. He has has no doubts that it is - and that its regional identity is getting stronger year by year because of changes and trends that transcend the old rivalries.

Better economic coherence in the North West is important for Britain as a whole because of the region's significance within the State. There are 7m people in the North West, the bulk of them - more than 4m - concentrated in the two large conurbations of Merseyside and Greater Manchester.

They help run one of the great engines of the British economy, contributing £31.1bn - nearly 11 per cent - of the nation's gross domestic product. Apart from that figure being comparable, but larger, than gdp for the whole of Greece, it makes the North West the second most important economic region in Britain after the South-East in terms of wealth creation.

The region has natural boundaries to aid its coherence: the Welsh and Midlands borders in the South, Scotland to the North, the sea to West and the Pennines to the East.

It is dominated by two axes - the M6, which runs straight up the middle of the region from Crewe to Carlisle, and the M62, which links Liverpool to Manchester, and the region as a whole to Leeds and Hull. Nine other motorways branch out from them to form, at more than 300 miles, the most comprehensive major road network in the UK.

Before the roads, it was railways that provided the same links and before them, canals. The Industrial Revolution founded the communities of the North West and the means of transportation linked them together. The importance of this is that it made the North West its own hinterland.

It is still that today, but modern motorways have reduced travelling times so much that much of the region south of Preston can be reached within 40 minutes of almost any point within it, and almost all of it within an hour.

In terms of travelling times the region is getting smaller. Only northern Lancashire and Cumbria remain relatively remote, with Carlisle two hours from either Manchester or Liverpool - which helps explain Cumbria's two-facedness, since Newcastle upon Tyne is an hour nearer the North West's most northerly city.

Unemployment, the restructuring of old industry and the regeneration of old towns and city centres are the issues that dominate the political-economic scene. The unemployment rate for the region as a whole is 12.2 per cent, or 386,100 people.

This compares with a national rate of 10.2 per cent. As with Britain as a whole, unemployment fell steadily in the six months from February - by about 5,000 a month in the North West out of a national monthly average fall of 36,800. The really good sign in the North West, however, is that unemployment has now been falling for 15 consecutive months, suggesting that it is helping to set the national trend, rather than merely reflect it.

But the improvement is by no means uniform. There are 3.2m economically active people and 1.86m of these live in assisted areas where the Government makes money available to encourage growth, investment and change. The bulk of these -

Continued on page 3

Financial and Professional Services

# Centre of gravity in Manchester

THERE IS a bullishness about financial and professional services in Manchester. Mr Fraser Grant, head of accountants Spicer and Pegler, sums it up: "The Big Bang has been very good for Manchester and has brought business back. Local stockbrokers are working all the hours there are and doing very good business."

With Manchester Britain's most important financial centre after London, the electronics revolution in the City has given it direct, instantaneous contact like never before. Anyone wanting to deal might as well be in Manchester 1 as London EC4.

But financial services are not merely about an ability to deal as well as the next broker. They are a market-driven commodity. They can exist only if industry and commerce want them. The boom in Manchester's financial and professional sector is symptomatic of what is happening

Mr Grant has a wider role than his job at Spicer and Pegler. He chairs the Manchester Financial and Professional Forum, a body formed in 1986 to promote the city's self-sufficiency in such fields as banking, insurance, stockbroking, accountancy, legal work, actuarial services and consultancy.

All the firms that matter are now members. Many of them operate from a small area of Manchester city centre between the Town Hall and Piccadilly Gardens which Mr Grant calls "the half square mile."

Increasingly, when companies in the region issue their annual reports or prospectuses, the addresses of their professional and financial advisers are Manchester ones. When it comes to flotations and buy-outs in the North-West, the list of advisers will nearly always be entirely Manchester-based.

Partly, it is a question of scale. While Manchester, as the capital of the North, is a big-league player in financial circles, even £100m companies are small by London standards as the national capital evolves as an international centre.

A Northern industrialist visiting "his" London merchant bank will nowadays find it difficult to see much of a senior partner, if at all. But he can reach Manchester from almost anywhere in the North-West in less than an hour - and be guaranteed the attention he wants and deserves.

It is Manchester rather than anywhere else in the region that offers a full range. When Liverpool still had its ships it was a potential rival, but no more.

There, the big firms of accountants have stopped playing musical chairs with a diminishing number of big-company clients and left the field to the those with the biggest market share, such as Deloittes and Arthur Young.

Last year, for example, Arthur Andersen virtually closed its Liverpool outpost and retreated along the M62 to service Merseyside from its thriving Manchester base. The "half square mile" is the North-West's - indeed, the North's - financial centre of gravity.

For many young professionals now, it is also where there are not just more and more jobs, but the prospect of very healthy, well-rewarded careers.

Arthur Young, for instance, may still have 145 staff in Liverpool - where it has done well out of insolvency, or "corporate recovery" as it is known these days - but it has 200 in Manchester. Moreover, it recruits 20 trainee accountants a year in Manchester, as against 10 in Liverpool.

The Manchester practice is a one-stop shop for almost everything the group can offer. It is also in what it now calls entrepreneurial services - specialist advice for smaller and growing businesses - run by Mr Mike Davis, who invented the concept of this sort of service within the accountancy giants. He also chairs the local enterprise agency.

There are even signs of shortage of professional skills. Spicer and Pegler is looking for 12 qualified accountants immediately and has upped its Manchester intake of trainees from 15 to 20 a year. With every major accountancy practice in the UK represented in the city and busy, shortage of professionals is bound to affect salary levels in the medium term.

It is in banking services that the numbers in Manchester are startling. There are 52 banks, all of which claim to have found good business. They even have their own professional body, Manmiba - the Manchester Merchant and International Bankers' Association - which is run by Mr Howard Middleton of Kleinwort Benson.

Some merchant banking services in the city go back many decades. Investors in Industry (3i) has long been active but Manchester is also where County Bank had its origins. Today, as County NatWest, it is run by Mr Stephen Moore, who is getting very skilled at flotations and management buy-outs by virtue of doing so may of them.

The latest, a £1.35m buy-out by the management of a Salford-based educational and industrial engineering business in which County took a significant shareholding itself, used only other Manchester professionals - Deloitte Haskins and Sells as accountants and two firms of solicitors, Slater Heelis and Alsop Stevens.

Mr David Adams of Henry Cooke, Lumsden: "Our corporate service is as good as any"

Alsop Stevens itself proves the strength of the Manchester marketplace for professionals. It has long been regarded as Liverpool's foremost commercial solicitors, and has done well in London too, but in 1984 it expanded into Manchester by merging with a local firm.

The operation has trebled in size in the last two years. Mr Alan Greenhough, senior partner, says: "In this time we have seen many new banks and institutions providing equity capital and development capital opening in Manchester." He believes here will be increasing competition between them to finance deals, much to industry's benefit.

Newcomers on the capital scene include Charterhouse Development Capital and Edington but the merchant bank which claims to be largest has been in Manchester for several decades - N. M. Rothschild.

Rothschilds had a great advertisement for its services earlier this year when it acted for Highams in its bitterly fought, but eventually successful bid for Manchester Ship Canal. Mr Charles Price, the partner in charge, claims the bank as Manchester's biggest, employing 25, compared with Hill Samuel's 16 and County's 12.

He puts typical syndications now at about £30m and growing. He says: "Any professional in this city has got to be good to compete with the major players in London." He believes that Rothschilds will do well because - as a result of being in Manchester longer than most competitors - it has more mature professional and social networks than other professionals."

He sees "lots" of flotations coming up as industry recovers, a point supported by Mr Magnus Mowat of Barclays de Zoete Wedd. He says: "We started up three years ago and have done three flotations since. Another is scheduled for later this year and we have four or five candidates for next year. We have built our banking business and also done some mergers and acquisitions."

BZW started with seven staff and is now up to 11. Mr Mowat says there will be more recruitment next year, though he worries about expansion being affected by a shortage of skilled professionals.

Perhaps the biggest professional success in the region, however, has been the dramatic growth of the Manchester-based stockbroker Henry Cooke, Lumsden (HCL). Mr David Adams says that there has been a 250 per cent upsurge in business since the Big Bang.

HCL did a joint promotion of services with Charterhouse Tilney of Liverpool, taking half-pages in the Daily Mail and Daily Express, to advertise their services on the back of the British Telecom privatisation. The customer base has doubled since and the ability to deal on screen has increased HCL's ability to service it.

Technology also gives an immediate monitoring service for 28,000 client accounts, many of which would probably be considered too small for London stockbrokers to handle, despite some of their portfolios being worth £30,000-plus. Mr Adams says: "We had £330m under management in 1983, £600m in July 1985, and £1bn at start of the year. I would be surprised if it is not £1.5bn by now."

HCL became a plc last year, which enabled Edington, Manchester's new merchant bank, to take a 20 per cent stake, while HCL took 20 per cent of Edington. The rest of the money to set up Edington came from a range of institutions.

Mr Adams says: "Our corporate service is as good as any in London and technically it's better because local knowledge is very important and we have it. Manchester is self-sufficient for financial and professional services."

There is some worry that Manchester needs sizeable development capital funds of its own to save it looking for money in London, but it has usually been able to syndicate up to £50m without too much trouble. As Mr Fraser Grant puts it: "I have never known a case where people have not been able to raise money for a project that was OK. You only fail for commercial reasons."

**Ian Hamilton Fazey**

# Regional identity

Continued from previous page

1.44m - live in local authorities which get funds from the urban programme, which means old towns and inner cities with distressed areas.

Inner Merseyside - Liverpool and Birkenhead - which is still suffering from the collapse of a port-based economic structure, remains the worst-hit area. Unemployment on Merseyside is 19.7 per cent, with male unemployment there at nearly 26 per cent. Greater Manchester has more unemployed - 160,000 versus 127,000 - but is 40 per cent bigger, so that its rate is a less demoralising 13.7 per cent.

Moreover, Liverpool itself has nearly 53,000 people claiming benefit as against Manchester city's 41,000. Since Liverpool is slightly smaller, these figures serve to highlight the comparison dramatically.

The problem becomes even more apparent when the other counties are compared: Lancashire's unemployment rate is 12.1 per cent, Cheshire's is 11.8, while Cumbria is doing better than the national average with 9.3 per cent - despite Workington's 14 per cent rate and the development area status that has ensued because of it.

Within those figures are some remarkable differences. For example, Macclesfield, in Cheshire, has an unemployment rate of only 7 per cent. Clitheroe, in the Pennine foothills of north-east Lancashire has only 5.8 per cent out of work.

When each travel-to-work area is looked at in detail, Windermere's unemployment fell by 44 per cent in the six months from March and Blackpool's by 23 per cent. Northwich, like Warrington, in Cheshire, were both in double figures. So were several of the more attractive parts of Cumbria.

The contrast is with some old industrial areas, such as Oldham where the fall was only 4.6 per cent in the period, Bolton and Bury (4.9 per cent), Liverpool (6.5) and Rochdale (6.6).

It is in places like these that the Government is going to retarget much of its urban programme spending to get the money into job creation. Conversion of disused mill buildings into enterprise centres for small businesses are the sort of things it has in mind.

This pattern of changing unemployment is reflected on the political map. The North West is balanced. Of its 79 Parliamentary constituencies, 37 are Conservative, 39 Labour and three Liberal. Labour is strongest in Liverpool and Manchester, where the Tories do not have a single seat. Indeed, Labour's share of the vote in the six Liverpool seats at the General Election was an emphatic 57 per cent.

But if Labour is ever to form another Government, the balance in the North West has to tip substantially. It expected to take key marginals in Greater Manchester and Lancashire last June, but failed. Seats like Bury North, Bury South, Bolton North East and - based on Accrington, between Blackburn and Burnley - Hyndburn, stayed with the Conservatives.

This said much about how North West people see their home towns and the way they are developing under Thatcherism. The picture of the truculent, rebellious North staring southwards across a great divide is not very apparent in the 80 per cent owner-occupied streets of Bury.

Similarly, all but one of the outer suburban and dormitory seats of Merseyside and Greater Manchester - where the Alliance had great hopes - stayed Tory too. Only Southport fell to the Liberals, where a local bank executive beat an incoming London barrister after the long-sitting former Tory MP retired.

The North-South divide is therefore not a clear-cut issue in a region so diverse. Prosperity is increasing and clearly reaching more people as unemployment falls. The real divide may be within the region, between the increasingly better off suburban or out-of-town communitiess and the old, inner urban areas with the most intractable problems.

**Ian Hamilton Fazey**

# The engine warms up

Continued from page 1

may start to get the same idea. "National and international compnies are going to get fed up with the South-East, with a falling quality of life and lengthening travelling times.

"They waste mental and physcial energy. There are also skill shortages and ridiculously costly premises. In regions like this we have non-clogged raods, realistic property prices, affordable rent, development sites and an able workforce," he says.

Change showed itself in some parts of the region in another way this year. The North-West was where Labour had to win a clutch of marginal seats to be returned to power at the general election. It held the inner cities but failed in places like Bury, Bolton and Accrington, which once were its heartland.

It is hard not to conclude a link between what happened then and the economic buoyancy that is now increasingly apparent. A decisive shift in social and political attitudes may well have occurred in this engine room of the British economy.

As Mr Grant puts it: "In the past industry has looked to Government to protect and mollycoddle it. This Government won't do that and it has had a very positive effect. The resurgence has been brought about by the realisation that businesses have to find new markets and work more efficiently. Everyone has come to realise that and act."





## Japanese investment

# Banks give a boost

UNLIKELY AS it may seem, two Japanese bankers may well have become among the North's most important salesmen for attracting new industry into the region.

Why is summed up by Mr Shuji Yokoyama of the Sanwa Bank's Manchester representative office. He says: "In the last few months we have met 15 or 16 representatives from Japan who have been looking for somewhere to set up in Europe.

"They have been most impressed with the Manchester region. Most Japanese have an image of Manchester as a dying city. They are surprised by its size and vitality. The trouble has been that the North West image has been about problems and that is what they believed they would find here."

His opposite number at Fuji Bank, Mr Kazuhiko Imai, explains further: "It is very important for Japanese manufacturing companies that the bank is here. A key factor in their decision-making is consultation with their bankers.

"Manchester's development as a financial centre made our opening here essential. The city is also at the centre of Britain. This gave us two compelling reasons to come in - to offer UK-Japanese corporate services and to promote more Japanese companies coming into the region."

The two rival banks have both located in the newly refurbished Ship Canal House, perhaps the leading office block in central Manchester, located in the heart of the city's "half-square mile." Fuji came first last December and Sanwa followed in March. Deutsche Bank is also in the building, having opened a rather larger office, with six permanent staff, in April.

The Japanese presence is still small in numbers - each has two staff and a secretary compared with Deutsche Bank's latest complement of eight - but the significance is that they are there.

Mr Imai says: "We can give those Japanese companies who want to come here more information than before. Our advice is considered more acceptable because we live here."

Mr Yokoyama emphasises the point: "Japanese businessmen looking at the region's suitability always used to ask us if we would live there. Well, now we do."

In fact, Mr Yokoyama lives in Wilmslow, in Greater Manchester's equivalent of the London stockbroker belt. Wilmslow was recommended by Mr Imai, who had already set up there with his own family. Both knew London life - and have taken quickly to fewer crowds, more green countryside and friendly neighbours.

They are now part of a growing Japanese community around Manchester. Sharp, the consumer electronics company, has 40 Japanese staff and there are 70 Japanese families in the region.

Both banks see Manchester as the capital of much more than the North West. They range far over the North and Midlands, in Sanwa's case taking in the Midlands and the Isle of Man for good measure. They serve Japanese customers already in Britain, which for Fuji includes Nissan at Sunderland and Ricoh at Telford.

Their role in attracting more inward investment goes further than just showing their customers around. Sanwa quickly joined the Yorkshire and Humberside Development Association and has information exchange agreements with Inward, the North West's inward investment agency, and its opposite number in the North-East, the Northern Development Company (NDC).

Fuji has similar contacts with the NDC and Inward, and also with the Trafford Park Urban Development Corporation. Both banks regard the UDC, which is cheek-by-jowl with the motorway network, as very important to Greater Manchester's industrial development and likely to interest several Japanese companies.

Mr Yokoyama sums up the advantages he sees like this: "The UDC is going to do a lot of good for the whole region. Manchester is ideally situated. There is no question that it is the capital city of the North and that it has room for growth. The infrastructure is excellent.

"There is a good cultural background. The quality of labour is good. Manchester Airport is one of the 20 largest in the world. There are excellent international universities and an impressive infrastructure of local suppliers for companies moving in."

This last point is crucial for attracting more inward investment from Japan, where manufacturers want to set up European factories to reduce the political pressures caused by the over-abundance of Japanese direct exports.

In order for goods to be "British made," they need substantial local content, which means buying in most parts and components from local suppliers. Mr Imai says that there were hardly any reliable local sources of components 10 years ago; now there are plenty.

Mr Yokoyama quotes a recent example: "Several years ago one company came here to look but gave up because such suppliers were not sophisticated enough on-delivery and quality. In August the same company came back and said that this obstacle had clearly been removed. That sort of thing encourages our customers to choose the UK rather than Holland or West Germany."

Both banks also stress that they are also there to help UK companies wanting to establish a presence in Japan or do other business in the Far East, as well as Japanese companies in the UK which want to do more on the European mainland.

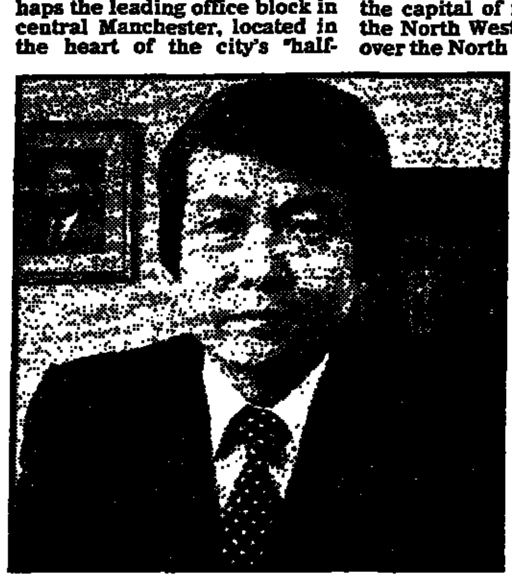
They also intend to compete on corporate finance, though the league they play in here is unlikely to involve companies turning over less than £100m a year.

By way of longer-term commitment to understanding British markets and thinking, Sanwa also sends one student a year to Manchester Business School to do its well-regarded two-year MBA course.

Being in Manchester and close to what is going on also helps them correct other false impressions about the real Britain outside London. Mr Imai says: "I always have to allay Japanese fears about labour. The UK is notorious for strikes. Japanese companies are nervous about this and always ask."

He stresses to them how things have changed under the Conservative Government and expresses "great admiration" for Mrs Thatcher, who, he says, is well respected by his compatriots. "There is some worry about what will happen after her, but I myself am not at all anxious about the British economy," he adds.

**Ian Hamilton Fazey**



Kazuhiko Imai of Fuji Bank

Shuji Yokoyama of Sawa Bank

The way we were: the old textiles industry is preserved as a working exhibit at Styal Mill, Cheshire

## Textiles industry

# Investment as decline halts

IN THE 19th century Lancashire became the cotton capital of the world. Bales of cotton rolled into the docks at Liverpool to be dispersed to the satanic mills being built all over the North West.

Yet in recent decades the Lancashire cotton industry has declined dramatically. The rash of cuts and closures began in the 1920s and has continued almost relentlessly ever since; being hit most recently by the economic recession of the early part of this decade.

In the past year or so that decline has halted. The cuts, closures and job losses have ground to a halt. Many of the mills are investing in new technology, a few are even beginning to recruit new employees. It may be too soon to talk in terms of resurgence, but the textile mills of the North West have at least stemmed off their decline.

The cotton mills of Lancashire gathered momentum throughout the 1800s to reach their zenith just before the First World War. The factories of the North West then spun, wove and finished cotton for the newly industrialised workers of Britain and its empire.

Yet in the 1920s and 1930s exports began to roll into Britain, from the cotton mills of Japan. From the mid-1950s onwards, this influx of imports accelerated as the once-captive markets of Hong Kong, India and Pakistan not only established their own textile industries but began to ship cotton all over the world.

Britain, which did not impose tariffs on goods imported from Commonwealth countries, was particularly vulnerable to this flow of imports. Between 1950 and 1970, textile employment in the North West fell from 420,000 to 110,000 according to the Textile Statistics Bureau.

Yet in the 1960s the buoyancy of the domestic market sheltered the North West textile industry from the full brunt of import penetration, as did the development of the man-made fibres which opened new plants in the region. In the 1970s British manufacturing industry was dealt a double blow: first by the oil crisis in the early part of the decade and second by the severity of the slump which set in towards the end.

The years between 1979 and 1981 were horrific for the North West textile industry. Dozens of mills closed and tens of thousands of jobs were lost. Although employment had declined steadily for several decades, the fall from 54,000 people in 1980 to 29,000 this year was particularly painful.

Nevertheless, the textile industry is still a powerful force within the North West. While textiles and clothing account for 9 per cent of manufacturing employment across the UK, these sectors absorb 13 per cent of the same workforce in Lancashire and Cheshire.

Historically, the bulk of the North West textile industry has been concentrated in Lancashire. This pattern has persisted to the present day. The spinning of cotton and allied fibres in Britain is still based almost solely in Lancashire - Courtaulds alone has 20 spinning plants in the region - as is the bulk of cotton weaving. Finishing is more broadly-based.

The remnants of the British silk industry are still divided between Macclesfield in Cheshire and Sudbury in Suffolk. Almost all the major British textile groups - including Courtaulds, Coats Viyella and Tootal - are represented.

Although most of the industry in the region is involved with spinning, weaving and finishing there is a sizeable making-up sector. The North West is also established as one of the centres of the household textile industry. Coats' home furnishings division - originally Vantona - is scattered throughout the region and is run from Swinton in Lancashire. Similarly Tootal's home furnishings company, Osman Textiles, is based in the region, as is Courtaulds Home Furnishings.

Both Coats and Tootal operate from corporate headquarters in Manchester, as does Coloroll, one of the fastest growing companies in the household textiles sphere.

Coats is still an important employer in the North West textile industry. It employs 8,800 people at 28 production plants in the region. Tootal's presence owes more to tradition. Nevertheless its activities in the North West encompass 3,000 people and most of its clothing interests.

Coloroll's links are more tenuous. It moved to Manchester in the 1960s when it entered the wall-coverings market through its factory at Nelson in Lancashire. Yet its textile interests in Lancashire are limited to one printing plant in Rochdale, which employs just 130 people.

Courtaulds is a significant employer in the North West which houses a third of its textile production as well as part of its chemicals interests. There are 50 Courtaulds Textiles units in the region embracing spinning, fabrics, home furnishings, textile finishing and industrial fabrics.

After the severity of the slump in North West textiles during the early 1980s, the industry has now stabilised. Investment in new technology has resulted in improvements in productivity and profitability.

The industry has, by and large, learnt to live with a high level of imports. Sudden influxes of imported goods from new sources - such as cotton from the emerging Turkish industry - or "trade distortions", as they are euphemistically called, still pose problems. Similarly the rising price of cotton and the inflexibility of import quotas cause concern.

Nevertheless the industry is in a relatively healthy state. From time to time there are still some mill closures, but not at the rapid rate of the early 1980s. The past few years have seen a series of re-equipment programmes and even some new plant openings.

Some mills have begun to take on new workers. Coats Viyella cites the example of Wardle Fabrics, its finishing plant based near Stockport in Cheshire, which has increased its workforce by 5 per cent to around 300 people in the past year and is still recruiting.

Yet Wardle Fabrics is something of an exception. While it would be churlish to dismiss the achievement of the North West textile industry in hauling itself out of the doldrums, the general picture is one of an industry which has reached an equilibrium, not of one poised for resurgence.

As Mr Colin Shone, director of the British Textile Employers Association, which represents most of the industry in the region, puts it: "We will only see a return to growth when the industry becomes sufficiently confident to increase capacity. At the moment there are too many doubts."

**Alice Rawsthorn**

Lancashire Enterprises Limited

# A political football no longer

IN ITS brief but eventful history, Lancashire Enterprises Limited, the economic development company set up by Lancashire County Council, has veered from *cause celebre* status to become a pillar of the regional establishment in the North-West.

Few would have bet money in its early years that it had a successful life ahead, as national and local politicians and industrialists squabbled over it. But it is no longer a political football. It is accepted and its work praised by members of all political parties.

The key facts are that LEL, set up in 1982, has created over 6,900 jobs in one of the most run-down of traditional industrial regions at a cost of £2,900 each. This compares with the £35,000 the Department of Trade and Industry estimates is the cost of the Government's own job creation projects.

For the year ending last March 31, group operating profits rose to £710,000, taking LEL's profits over the last five years past the £2m mark. It is a story of hard graft and self-help that is often used as a model for similar ventures in the UK and overseas.

LEL was launched after Labour regained control of the county council in 1981 when the new leader, Mrs Louise Ellman, asked Mr Jim Mason, a former Labour leader of the council and then chairman of Warrington and Runcorn Development Corporation, to help launch a job creation agency for the county.

Louise Ellman, Lancashire county council Labour leader

The Conservative opposition backed it initially but then withdrew support in 1982-83 because it was unhappy with what was regarded as Labour-style interventionist policies. The Tories have now changed their minds again and wholeheartedly support LEL's aims and tactics.

Mr Mason dismisses the political squabbling as irrelevant to the prime purpose of creating employment. "LEL is in no way a shop window for political dogma. It never was, no matter what was said about us in the early days," he says. "We are involved in a highly successful partnership working with industry, the county's workers, commerce and the financial institutions at home and abroad to create a sound and strong industrial future for Lancashire. It is a county that deserves it, and given a little bit of help it has the skill to secure it."

The initial funding came from a 2p precept on the county rates under Section 137 of the Local Government Act, giving an income of £4m a year. Since then income has been swollen by revenue from an extensive property portfolio. The present programme of work is funded roughly equally between public and private sectors, with £10m from the private sector, £4m from the county council and £6m from the European Community.

LEL works through a broad range of flexible initiatives: it invests in viable medium or large companies with potential for growth; it invests in the redevelopment of industrial and commercial property; it is involved in a wide range of training programmes including helping the management buy-out team at Leyland Bus; it promotes the wider use of technology; and it co-ordinates a range of major employment initiatives.

Investment operations are supported through funding agreements with leading banks and financial institutions, and training and promotional work through grants from the European Community and local and national bodies. The terms of any investment are open for negotiation, but are always strictly commercial. LEL does not offer grants.

In the early years LEL was guided by Mr Mason, Mrs Ellman, and by Mr Owen Oyston, the colourful Lancashire tycoon, publisher, and saviour of Blackpool FC, who was determined to help create more jobs in the North-West. Now, day-to-day running of LEL and the search for new projects is in the hands of Mr David Taylor, the *managing* director, and Mr Mike Rimmer, who heads the corporate division.

The first major challenge was in Lancaster's run-down city centre when LEL bought a 15-acre complex for £1m in 1983 and launched a £7m development programme. Nearly 100 companies and individuals are now operating on the White Cross site.

The largest industrial tenant is White Cross Rubber Products, the company that led to LEL's initial involvement. As part of its package of assistance for a management buy-out of the rubber products division of the Storey Group, LEL decided to buy the entire site.

Potentially more far-reaching is the redevelopment of the Leeds and Liverpool Canal, one of the most comprehensive economic development projects to be undertaken in Europe. The scheme to bring new life to the canal corridor, sponsored in partnership with Lancashire County Council, local authorities and the British Waterways Board, will ultimately cost £80m, half of which is expected to come from the European Community.

Further into the future is the prospect of close economic contact with China. A delegation from LEL last month signed an agreement with Shenzhen, the first of its kind by a UK development company, to promote imports and exports and to set up joint ventures.

**Richard Evans**

David Taylor, managing director of LEL



The launch of HMS Upholder at Barrow 10 months ago, the Navy's first new diesel-electric submarine for 25 years.

Shipbuilding

# Vickers gets a green light

THE RESULT of the general election was a green light for the future of Vickers Shipbuilding and Engineering (VSEL) because it confirmed the role of the Trident missile in British defence policy. VSEL's Barrow-in-Furness yard is where they build the submarines that will carry them.

Britain will have four Trident submarines eventually. Work on the first is under way and the order for the second was announced by the Government at this month's Conservative Party conference. It helped VSEL's share price to a year's high of £6.55.

Many of VSEL's 13,000 employees at Barrow and 2,000 at its daughter Cammell Laird yard at Birkenhead were very glad about that, for they are shareholders too. They bought their shares at only £1 each in March last year when the two yards combined forces to be privatised from British Shipbuilders.

There were two bidders for control - the management and Trafalgar House. The buy-out consortium had only two weeks to raise £75m, but it talked to 25 institutions and succeeded - thanks in no small measure to Prudential Assurance, 3i, the Manchester financial and professional sector, and the efforts of people there like Mr Angus Scrimgeour of the newly-formed Edington merchant bank.

The offer to employees saw 82 per cent of them becoming shareholders and owning 27 per cent of the 35m shares. By numbers alone, 90 per cent of shareholders live in Barrow or Birkenhead. The shares opened at £1.55 when normal trading began and have hardly faltered since. The election result made them even stronger.

The effect has been very noticeable. Dr Rodney Leach, the chief executive, keeps a television in his office tuned permanently to the relevant share price page of Ceefax. This is so that shareholders in the factory can ring his secretary for the latest news of how their investment is doing.

He says: "It would be wrong to say it suddenly transformed things, but it gave more credibility to management. A climate of better understanding has developed. We have been breaking down old demarcations without the change being forced by crisis."

Another policy has been to take away some of the secrecy relating to management policy in the warship building industry. "Better communications have helped us to construction milestones. People no longer do their jobs not knowing how they fit into the whole picture," Dr Leach says.

There has also been a deliberate attempt to break old, class-based divisions between management and workers. In the construction hall - the largest covered yard in Europe - there is only one canteen. The workers' response has shown itself in subtle but significant ways, like there being no graffiti on the new buildings.

However, VSEL's own significance is not just concerned with the remarkable events that have followed privatisation. It was already significant just for being there. The company is shipbuilding in the North-West and beyond. It employs 70 per cent of the industry nationally and Barrow is the largest single-site engineering complex in the UK.

As such it is a national resource. In the UK, and in terms of scale and spread, it has an unequalled grasp of several fields of highly advanced technology and their relation to each other - nuclear power, precision engineering, electronics, computer hardware and software, and submarine design, are the most obvious.

Its technological assets include people who have commissioned 19 pressurised water reactors for the nuclear power industry around the world. And while the Cammell Laird yard keeps the group's hand in the surface warship business, the development of submarine technology at Barrow - especially smaller, diesel-electric vessels - opens the prospect of worldwide markets.

VSEL also makes self-propelled howitzers and universal turrets to convert old tanks to carry the gun. Its naval gun - for accurate shore bombardment or anti-aircraft fire - was combat-proven in the Falklands.

With VSEL the major plank in the local industrial infrastructure, it is no wonder that Mr Albert Booth, a former Labour Minister, was unseated as member for Barrow and Furness in the 1983 general election, becoming one of the most significant Labour figures to fall, despite Barrow's position as a Labour stronghold since 1945.

The victor, Mr Cecil Franks, a Tory import from Manchester, held on this time as Labour continued with an anti-nuclear defence policy and anti-nuclear power attitudes in the party. Life and work in Barrow are heavily dependent on both - and a share-owning workforce had even more to lose.

Meanwhile at Birkenhead, the Cammell Laird yard passed an important milestone this summer when numbers employed rose past 2,000 for the first time in more than two years. Mr Mike Murden, the managing director, hailed the figure as "a clear pointer" to the yard's recovery after Militant-inspired disruptions almost led to its closure in 1985.

The two yards now have enough work for the rest of the century. On the order books are three nuclear hunter-killer submarines, four conventional diesel-electric submarines, one Type-23 frigate and four Trident submarines.

The long view which this enables management to take has had important implications for education, training and research.

VSEL takes on between 300 and 350 apprentices a year, the largest number by any engineering company in the UK. Technician training is similarly large, and 40-50 students a year are sponsored through university. The company has three Whitworth engineering scholars out of only nine in the country.

Graduates go on an internal programme to qualify quickly as chartered engineers. Dr Leach sees this educated cadre as important for future development in both shipyards. "This is our seedcorn," he says.

The commitment runs to spending 1.5 per cent of turnover on training, which means a £5.5m training budget at present. The trainees have been returning the investment in spades - sponsored students took three first class honours degrees last year, including one who had left school as a 15-year-old "failure," and this year was even better, with eight firsts.

VSEL nurtures two close links with universities - to University College, London, and Salford. It also links formally to every headteacher within 50 miles of Barrow, the head of training meeting them regularly to discuss common interests.

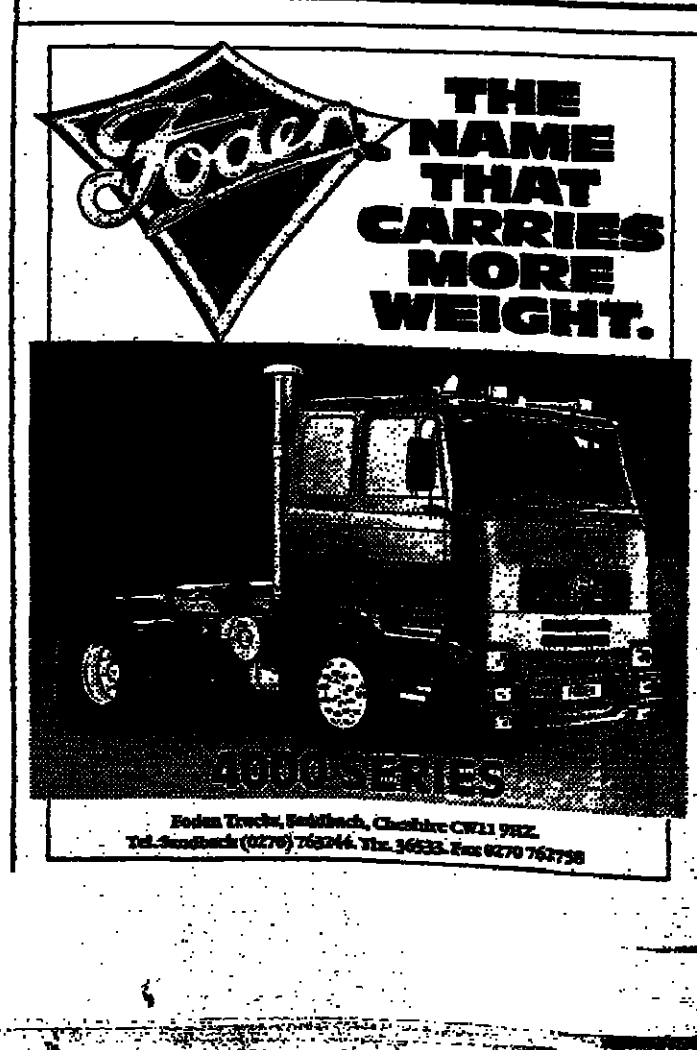
Dr Leach says that there are very good career opportunities for electronics and software specialists, plus the lower costs of living in the North in or near the outstanding scenery of the Lake District.

He acknowledges, however, that there is a problem over jobs for wives, which is one reason why VSEL sponsors Furness Business Initiative, the local enterprise agency, and Furness Technology Centre. Both are concerned with broadening the area's industrial base.

**Ian Hamilton Fazey**





Lancashire

# A surprising array of advantages

FOR A county that conjures up folk memories as the cradle of the Industrial Revolution, run-down textile towns and back-to-back housing, much of modern-day Lancashire comes as a surprise.

For a start, Lancashire had its largest urban centres, Greater Manchester and Merseyside, hijacked from it in the local government re-organisation of 1974. It is now in large part a rural county, with the biggest population around Blackpool, although it still contains some of the old historic cotton centres like Blackburn, Burnley and Preston.

Second, there has been an impressive transition from the older recession-hit industries like textiles, coal mining and heavy engineering to a much broader base of lighter industries and some high technology.

The county has not a single coal mine left and textiles represent a small proportion of the overall economy. Although 20,000 people are still employed in textiles, this represents only 4 per cent of the county's employment. A wide range of spin-off industries has been generated by the traditional industries of textiles and coal, particularly in the engineering field where there are now 30,000 jobs.

No-one is talking of a boom but there are widespread signs of optimism. According to Mr Andrew Toop, Confederation of British Industry regional director for the North-West, there is a growing confidence. "People are getting on with the job. There is a feeling of realism ... things are steadily improving," he says.

He sees the traditional image of Lancashire as a handicap that is now being overcome, but argues that incalculable damage was done in previous years by "begging bowl politics." But these days have now passed, he says, and Lancashire and the rest of the North-West realised the have to talk things up, not down.

Local CBI and TUC representatives are in agreement that the region lacks the homogeneity of other areas and has too many job creation and development agencies competing with each other. Both argue in favour of a Scottish or Welsh Development Agency type of body to concentrate efforts.

The county incorporates some clear-cut geographic and economic differences and can be divided into six areas: the Fylde coastal belt; central Lancashire covering many of the larger manufacturing towns; the area in the north east of the county stretching from Blackburn to Colne; the fertile farming land in the west; and the moorland on the edge of the Pennines and Greater Manchester.

It also contains great contrasts in the employment spectrum, with very high concentrations of jobless in towns like Ormskirk and Skelmersdale, but only 5 per cent unemployment in Clitheroe. The overall unemployment rate is around 12 per cent.

The belief is that those companies that have survived the recession, which hit Lancashire harder than most areas because of the concentration of declining industries, are now in a strong position. What is needed is to attract more companies in, not only to expand employment but to extend the economic base.

Planners point to the array of advantages which Lancashire has in its battle with other areas - the superb communications infrastructure of both road and rail, the proximity of Manchester International Airport, the growing energy industry based on nuclear power and the Morecambe Bay gas field, a skilled labour force, and magnificent countryside within easy reach.

The county has a flourishing tourist industry centred on Blackpool, Morecambe and other resorts along its 77-mile coast, and tourism has also developed strong countryside and heritage aspects in the north-east of the county and in Lancaster. In all, tourism and leisure employs 36,000 people, half of them in Blackpool.

The highly skilled workforce has shown itself able to adapt to sweeping technological and productivity changes as at Pilkington and Mullard, and employers like Baxi Heating at Preston have initiated major changes in typical company-employee relations.

Lancashire Enterprises Limited, the first of the new generation of local government owned development companies, is an outstanding example of local self-help. Set up in 1982 by the county council, it has developed a derelict site in the centre of Lancaster, saved Fleetwood's once prosperous fishing industry, and in all created nearly 7,000 jobs in the county.

The change from traditional to a more varied industrial base supported by a modernised infrastructure is typified by the central Lancashire new town development around Leyland, Chorley and Preston, formerly a textile town but now an administrative and commercial centre near the focus of the county's rail and motorway communications.

One of the largest development schemes in the country, involving industrial, commercial, residential, amenity and leisure aspects, is now under way on the site of the former Preston docks.

Significantly, over 60 per cent of the county's employment is now in service industries, particularly the professional, scientific and distributive sectors.

The county's largest manufacturer is British Aerospace, employing 15,000 at three plants, mainly on assembling 800 of the Anglo-German-Italian Tornado aircraft.

The vehicles industry including bus and truck manufacture as well as aircraft, has long established roots in the county and provides 30,000 jobs in total.

In the high technology field, Rolls-Royce makes aero-engine components at Barnoldswick, Lucas manufactures precision fabrications for the aerospace industry, and Philips makes Laser Vision video disc equipment and compact discs.

One traditional industry that has managed to hold its own is chemicals. Not only is it a strong exporter and producer of materials for domestic use, but it is also a key supplier to other industries. It has been a buoyant sector of the economy in the last few years.

The industry is one of Lancashire's largest, with a workforce of over 18,000 employed in over 300 companies, including ICI at Fleetwood and Crown Decorative Products at Darwen. Important concentrations of the industry are also at Blackburn, Burnley, Lancaster and Wyre.

Perhaps the most exciting current project is the £1.3bn development of the Morecambe Bay gas field, 25 miles off the Lancashire coast. With reserves of 5,000bn cubic feet, the field is the largest on the UK continental shelf.

**Richard Evans**

Mr Jim Mason, chairman of Lancashire Enterprises

Profile: Jim Mason

# Creating more jobs in spite of critics

JIM MASON, who can claim to be one of the key people in the attempts to rejuvenate the ailing economy of the North-West, is a paradox.

His parents met at Socialist Sunday school in Blackburn and he was brought up steeped in Labour Party politics. His whole career has been based on Labour Party and Co-operative Movement foundations and yet parts of his business philosophy would bring a round of applause from Mrs Thatcher herself.

As chairman of Lancashire Enterprises, the economic development company set up by Lancashire County Council, he believes in running a tight, efficient outfit and in making a profit for the ratepayers on the way to creating more jobs in the county. It is a position that has brought him into conflict with political colleagues as well as Conservative opponents in the past.

His energy and dedication are well-regarded in the region. "If Jim had been in private industry he would be a multi-millionaire by now," says a colleague.

Instead, he works for Lancashire Enterprises for expenses but no salary, relying on his chairmanship of the Co-operative Wholesale Society and his many other Co-operative directorships to provide income.

His Co-operative career began after a distinguished war record as a Lancaster bomber pilot. He lectured on economics and social policy (studied at the Workers' Educational Association) to demobbed servicemen.

One evening he was invited to lecture to the Co-operative Men's Guild in Blackburn and was asked if he would be prepared to stand as a director of the local co-operative society. "I didn't know much about it, but had a look and decided to try," he says.

He failed to win a seat at the first attempt but after six months there was a vacancy and he became the youngest ever Co-operative director.

From his roots in Blackburn, where he became society president, he was elected to the Co-op's North-West board and then to the Co-operative Wholesale Society's board based in Manchester. He became CWS vice-chairman five years ago and chairman in 1985, heading a company with annual turnover of £2.4bn.

"It's Britain's biggest retailer and Europe's second biggest, looking after people's needs from the cradle to the grave," he says with pride. After 48 years as an active member of the Co-operative movement, he remains an enthusiast.

His CWS role has also led to directorships of the Co-operative Bank and of Unity Trust, the trade union bank, and to the executive of the International Co-operative Alliance.

Mr Mason's political career has run in parallel to the Co-op. As a local government officer in Blackburn he was unable to stand for the local council but after the local government reorganisation of 1973 he was eligible to stand for the county council.

After being elected in 1973 he became Labour leader but lost his seat in the disastrous elections of 1977 when Labour was reduced to a rump of 12.

An invitation came shortly afterwards from Mr Peter Shore, then Environment Secretary, to become chairman of Warrington and Runcorn Development Corporation, one of the most successful job creation agencies in the country. But because of his high political profile - he was and still is chairman of the Labour Party in the North-West - Mr Mason left soon after the Conservatives gained office, although he gives the clear impression he would have been happy to stay on under the change of government.

Labour regained control of Lancashire County Council in 1981 and Mrs Louise Ellman, the new chairman, asked Mr Mason to help set up Lancashire Enterprises. He was a good choice, with his roots in the area - he is a deputy lieutenant of Lancashire - and a wealth of contacts.

"He was also not afraid to take on critics inside the Labour Party," says a colleague. Some local trade union leaders were apprehensive at first that LEL-subsidised jobs could take work away from their members.

But Mr Mason gives his critics short shrift. "Detractors can say what they like ... we just get on with the real life business of attracting jobs and investment where they are desperately needed," he says.

**Richard Evans**

Merseyside

# More than an element of truth behind those parables

THOUSANDS OF schoolchildren waved flags and cheered excitedly as HMS Campbeltown, *the Royal Navy's latest Type 22* frigate, moved down the slipway and into the Mersey from the Cammell Laird shipyard at Birkenhead *earlier this month.*

This was more, much more, than traditional launch day euphoria in a shipbuilding town. The cheers, *prayers, hymn singing* and celebrations all commemorated the survival of the shipyard as much as the launch of the new frigate. Some of the children watching the ceremony now have the chance of future employment in a company and an industry which a few years ago looked ready to die on Merseyside.

Without the Campbeltown order, Cammell Laird would almost *certainly* have *closed. Today* the fortunes of the yard, now part of Vickers, have been changed not only by a healthier order book, but *by a new* reputation for radically improved industrial relations and working practices.

The Cammell Laird story is *told on Merseyside as a sort of* parable to illustrate the region's capacity for survival and the revival of its industrial and *economic* self-confidence. There are others, like the Parable of the Ford plant at Halewood and the Parable of the Port of Liverpool. Such places, once best known for their industrial relations difficulties, today look overseas competitors in the eyes with a new glint of self-assurance.

Another parable is the Parable of the Traffic Jams. The return of hold-ups in Liverpool city centre is being greeted *like* rain in the desert by anyone anxious to convince themselves or others that delays in turning *corners means that economic* corners are being turned.

There is inevitably a certain amount of wishful thinking in all this. A degree of talking things up. But talking things up - particularly when it is done by people whose companies have survived the recession on Merseyside and invested heavily in new plant and equipment - is itself a component of economic revival.

The biggest downside remains unemployment. In the five Merseyside districts of Liverpool, Knowsley, St Helens, Sefton and Wirral there are 124,000 people on the unemployment register - an overall rate of 19.7 per cent.

Merseyside continues to have one of the worst unemployment problems in Britain. Local rates in parts of the region make the overall 19.7 per cent rate ap*pear respectable. In a number* of areas, like Birkenhead, more than half the unemployed are long-term and have been without work for at least a year.

Even so, the overall rate was above 20 per cent earlier this year, and is showing signs of creeping downwards. Although the drop in the rate is fractional it is regarded as a significant step in the right direction - few established big employers are increasing their workforces, and it therefore indicates a degree of new business activity.

Although the Merseyside Chamber of Commerce's last quarterly economic survey did not show signs of the employment position improving, the number of companies expecting to need to reduce their workforces was the lowest for some time.

Investment intentions implied a reasonable level of business confidence. Few companies believed they would be revising investment plans *downwards during the following* three months, while one-third of non-manufacturing companies intended to revise them upwards.

Almost all companies in the survey were confident that their turnover would increase or at least remain constant during the following three months, while 84 per cent expected profit levels to rise or remain steady.

*While this* undoubtedly adds up to less than total proof of a new dawn of economic growth, it has to be seen in the context of a region which some commentators literally given up for lost during the post-1979 recession. Merseyside became synonymous with plant closures and huge numbers of redundancies, spawning excessive, dramatic-sounding articles of the "Liverpool - Europe's First Redundant Great City" variety.

"There is undoubtedly improved business confidence on Merseyside compared with even a year ago," says Mr Keith Robinson, director of Merseyside Chamber of Commerce. "Our biggest problem now is our image. But it is an image based on past reputation for bad industrial relations rather than present-day fact."

Mr Robinson stresses that some Merseyside industries never deserved the image for industrial disputes and restrictive working practices which many outsiders have of the region, while some of the problem areas which certainly did exist - like the docks - have undergone the most dramatic improvements.

He also warns that, in spite of the region's severe unemployment problem, one of the factors which is in danger of inhibiting industrial recovery is skill shortages. A number of companies are experiencing difficulty in recruiting employees with both high technology and conventional engineering skills. "There really has to be a once-*and-for-all* effort over the next five years to resolve the skills training problem," says Mr Robinson.

*Merseyside* lost a breathtaking proportion of its industrial base during the recession. But part of the feeling of future confidence comes from the fact that most of the big industrial employers who remain in the area have carried out very major investment programmes during recent years.

Ford, Vauxhall, Shell, Unilever, ICI and Nabisco are all examples of companies in or around *Merseyside* which have signalled their commitment to the area by making *major* investments. A decision by Barclaycard in September to invest £3.5m in 100,000 sq ft of buildings at the Wavertree Technology Park, Liverpool, will create 600 or more jobs by 1990. It also adds to the growing success of the park, a joint venture between Plessey, English Estates, the Government and local authorities.

*Mr* Peter Toner, industrial promotions officer for Knowsley Borough Council, says he has identified definite signs of companies *from outside* Merseyside seeking to relocate in the region, encouraged by the prospect of cheaper land and other *facilities.* "In the past 12-18 months there has been a definite shift from local companies moving around and expanding to inquiries from further afield." Knowsley is encouraged by the fact that Lucas and several other major companies have recently established or re-established themselves in the area.

Wirral Borough Council says that growth in its local economy is at last increasing demand for industrial premises. The number of general business location inquiries increased to 185 between April and June, compared with 86 for the same period of last year. Demand for larger industrial units of between 5,000 and 10,000 sq ft doubled to 20 per cent of all property inquiries.

The council says these inquiries are from established companies, mostly from outside the *Wirral area and* a high proportion from overseas.

Efforts are progressing to increase Merseyside's earnings *from* tourism. A Merseyside Tourist Board was set up last year to promote an industry which already attracts something approaching 20m visitors a year and supports 14,000 jobs.

Some local authorities in the region have been more supportive of the board's efforts than others, and earlier this year the board produced proposals for a common tourism strategy. Developments like the Albert Dock restoration in Liverpool and the city's associations with the Beatles are attracting an increasing number of visitors.

**Alan Pike**



Business opportunities

# Spreading the message

ONE THING which Merseyside possesses in abundance is organisations set up to promote its economic and social redevelopment.

Next month, many of them will be represented at the Barbican Centre in *London* at a conference and exhibition arranged by one of the newest of these organisations, Boom.

*Boom - Business Opportunities* On Merseyside - has the support of most leading private sector employers and public au*thorities in the region.* The title, and much of the impetus for the organisation, comes from Mr Geoffrey Piper, a senior partner in the Liverpool office of Deloitte, Haskins and Sells, chartered accountants.

The Barbican conference is aimed *primarily* at a *City of* London audience, although there will be a good sprinkling of overseas representatives as well. Speakers will include Mr Michael Heseltine, who has retained a strong interest in Merseyside since his ministerial responsibilities there after the 1981 Toxteth riots, Prof Graeme Davies, vice-chancellor of Liverpool University who will outline the growing links between higher education and industry on Merseyside, and a *leading* team of industrialists.

Boom will follow up the con*ference by inviting groups of po*tential investors to visit Merseyside. It hopes then to raise sufficient funds to begin taking *the Merseyside message over*seas.

The message as outlined by Mr Piper is a familiar Merseyside complaint - that the region suffers unfairly from an outdated reputation for bad industrial relations. "There is always a time-lag when it comes to changing images. We all know about the industrial relations problems of 10 or 15 years ago but things are different now.

"There *is* massive investment now on Merseyside, although it does not show in the unemployment figures. Merseyside has a *commercial infrastructure* equipped to cope with a great deal of the activity which takes places very expensively in the City of London."

Part of Boom's funding comes from the Task Force set up by Mr Heseltine in 1981. This still operates and - not to be con*fused with the similarly*-named inner-city task forces now operated by the Department of Trade and Industry - remains a unique *means of combining* the efforts of several government departments and the private sector in the inner city.

The Task Force is run by officials from the DTI, Department of the Environment and Manpower Services Commission, working with private sector secondees. In addition to channelling Government funds and grants to the region, the Task Force has acted as a co-ordination point for many other activities. Its involvement ensured that some services - like promoting tourism - continued to function on a regional basis when Merseyside County Council was abolished.

There is evidence that the Task Force, which might easily have earned a cynical reputation as a simplistic response to the riots, has become trusted and well-regarded on Merseyside. Its officials enjoy a positive relationship even with local authorities which are sometimes strongly opposed to the overall thrust of Government policies.

One of those Government policies has created the Merseyside Development Corporation, the impact of which is seen in land clearance and road construction in the old dock areas and the new Brunswick Business Park. Financial assistance is available to businesses *through the Merseyside Enter*prise Board, and business advice through enterprise agencies in Liverpool, Birkenhead, *Kirkby, Bootle and St Helens.*

Metel - Merseyside Education, Training and Enterprise - has also been set up as an enter*prise agency and charity. The* agency is an example of an organisation facing a financial crisis when Merseyside County *Council disappeared which, af*ter intervention by the Task Force, was rescued by the Merseyside Development Corporation.

The growth of *Metel* has been remarkable. It occupies 74,000 sq ft of space at its main training centre, plus substantial facilities at two other locations. Some 6,000 people a year now train with Metel. These include 500 young people on the Youth Training Scheme, while adult training ranges from year-long vocational courses to short programmes for people starting their own businesses.

Merseyside Chamber of Commerce - a body which itself gives wide-ranging support to economic and social initiatives in the region - also runs its own training division, Trident Training. The chamber is giving vocal support to the Government's proposed introduction of a system of uniform business rates, believing this will be of great advantage to industry on Merseyside.

This view is shared by Prof. Patrick Minford, Professor of Applied Economics at Liverpool University. He argues in the current issue of his department's economic bulletin that the change would "powerfully redistribute funds and drive business from South to North."

**Alan Pike**

**Alan Pike** looks at politics in Liverpool

# A quiet life - for five months

Mr Harry Rimmer, former leader of the city council

LIVERPOOL'S BRIEF and, in recent years, unusual experience of the political quiet life came to an end on the evening of Monday, October 5.

Mr Harry Rimmer, leader of the city council for the past five months, resigned after overwhelmingly losing the vote in his controlling Labour group over how Liverpool should handle the latest stage of its deep financial problems.

The resignation immediately *presented Liverpool with two* potential crises - one the possibility of renewed confrontation with the Government, and the other a crisis of confidence in the city provoked by Mr Rimmer's departure.

During his brief leadership, Mr Rimmer had worked to eradicate the memories of strife and turmoil for which Liverpool became *internationally known* when the Labour council was under Militant leadership. But it was the attempt by Mr Rimmer to normalise relationships with Westminster which was to lead to his resignation.

Ratecapped Liverpool's Government-set expenditure level for the coming year is £307m, producing a shortfall on planned spending of up to £51m. Mr Rimmer argued that the council should apply to Mr Nicholas Ridley, Environment Secretary, to increase the city's spending limit under the Department of the Environment's redetermination procedures.

In Mr Rimmer's view this was a relatively low-risk strategy, *since he believed the Government* could not possibly demand spending cuts in the range of £40m-£50m in a single year.

This strategy failed because the majority of Labour councillors - and constituency Labour party delegates who were consulted - were suspicious that an application for redetermination *might lead to the Government* imposing unacceptable financial conditions on Liverpool.

Mr Rimmer has been succeeded as leader by Mr Keva Coombes, leader of the former Merseyside County Council. Mr Coombes is to the left of Mr Rimmer, but a non-Militant. The new council leadership was anxious from the outset to stress that it is not bent on confrontation with the Government, and has not excluded the possibility of an eventual redetermination application.

The Liverpool councillors, a majority of whom are on the right, centre or soft-left of the Labour Party, insist that they intend to set a legal budget. *They are exploring loans, sale-*and-lease-back of council sports centres and other buildings and similar forms of creative accounting to try to bridge the spending gap.

Liverpool's last Labour administration came to an end with 47 members of the Militant-led group being surcharged and disqualified from office for *failing to set a legal rate on* time. Last month the 47 were ordered to pay between them £15,000 immediately and then £4,000 a month until they had paid £106,000. They also face £242,000 legal costs.

The reputation for strife which Liverpool gained during the period of Militant control is regarded by the business community as the biggest single barrier to attracting new investment from outside the city. Mr Rimmer made the projection of a more positive image one of his priorities, and there are signs than business confidence has improved since the new Labour council came to office in May.

"We have particular and special problems in Liverpool which can be solved only by the local authority working with central Government," said Mr Rimmer, speaking after he had resigned the leadership.

"Up to 70,000 jobs have been lost in the last 10 years in Liverpool. There are parts of the city which have a 93 per cent youth unemployment rate.

"But we are tackling our problems, and there are signs that things are beginning to pick up again. I know that we have an unfortunate image, but a lot of that has been unfairly bestowed."

Liverpool's political image, however, has been self-bestowed. And whatever the outcome of the latest budget crisis, difficult and unpopular decisions will have to be faced. The city, confronted with a declining population and consequent *falling school rolls, faces* the need to reduce its overall education expenditure. Options which the Labour councillors would find politically unattractive and have so far rejected - like raising council rents and possibly making council employees redundant - will not disappear from the agenda.

Liverpool has to tackle its budget crisis at the same time as it tries to confront some of the most severe inner-city problems in Britain. There are many people on Merseyside this autumn who join the city's outspoken church leaders in hoping that the next stage will see co-operation between Liverpool and the Government, rather than a fresh bout of confrontation.

Littlewoods

# Scoring with a high profile approach

LITTLEWOODS' DECISION to sponsor the Football League Cup a couple of seasons ago was one of the most visible signs of change in a company which had firmly hidden itself from the public eye whenever possible.

*Littlewoods is* not only the largest employer - after the city council - in Merseyside with 14,000 staff (it has 35,000 nationwide), but it is also a company which reaches virtually every household in the UK.

The company's football pools, for example, are regularly entered by some 7.5m Britons each week, *with* another 1.5m entering its spot-the-ball competitions.

Some 15.5m telephone calls each week are made to Littlewoods' mail order division, with 1,000 delivery vans dispatching parcels to some 750,000 homes.

Last year almost 8m people shopped in Littlewoods' 110 (now 112) High Street chain stores.

Yet Littlewoods remains one of the largest privately-owned companies *in the* UK - *under* the ownership of the Moores family - and there is little prospect in the immediate future of the company being floated on the stock market.

In the past few years, however, the company has clearly recognised that in the competitive markets in which it operates - football pools, mail order and chain stores - its reluctance to raise its profile was something of a drawback.

In part, this low-profile ap*proach was a result of the close* family control of the company. But it also reflected a disastrous period in the early 1980s when the company's management appeared to flounder at the very time that other retailers were taking advantage of the radical changes under way in retail shopping in the UK.

Littlewood's first mistake was in 1979, when it decided not to implement a VAT hike from 8 to 15 per cent but instead to absorb it by reducing the quality of its goods. This move downmarket came, paradoxically, when the economic recession was spurring a move up-market by other leading retailers.

The company's problems were compounded in the early 1980s by a series of top-level management changes: Mr Tom McAuliffe lasted four months in charge of the retail division; his successor Mr Anthony Phillips lasted 18; and his successor, Mr Arthur Henn, only another year.

This hiatus at the top meant that the crucial retail decisions were not being taken. Fortunately for Littlewoods, however, the appointment of Mr John Clement as non-executive chairman and Mr Desmond Pitcher as group chief executive in the early 1980s meant that even if the retail operations were going awry, the financial and management systems in the company were steadily being improved.

By the mid-1980s, Littlewoods at last managed to get its retail act together (the pools operation has always been a steady profits earner). Its financial results for last year revealed that the high street chain stores achieved a 53 per cent increase in pre-tax profits in comparision *with 1985 to reach £19.7m* on sales 11 per cent higher at £534m.

Mail order pre-tax profits were some 7 per cent higher at £43.9m, while profits from the pools operation rose by 6 per cent to reach £13.7m.

Total pre-tax profits were some 16 per cent higher at £70.1m, on sales up by 7 per cent to £1.77bn.

Littlewoods is now far more confident about its retail strength. It is creating some 1,000 new jobs this year as a result of new store openings and expansion into specialist areas, such as catalogue shops offering a wider range of merchandise and up-market mail order catalogues aimed at particular consumer niches.

Littlewoods, like all retailers, remains vulnerable to a downturn in the present boom in consumer spending in the shops. But if that happens, it is in a stronger position to survive and prosper than many would have thought possible only a few years ago.

**David Churchill**

Ocean Transport and Trading has adapted to change, says **Ian Hamilton Fazey**

# How to thrive in a less gentlemanly era

OCEAN TRANSPORT and Trading - the modern descendant of Liverpool's mercantile seafarers of yore - is one of the most striking examples of the way the North-West has had to change and adjust to life in the 1980s. But although change was forced, the group has turned it into an opportunity, with dramatic results.

Here was a business that was not so much a company as a national institution. It was one of the symbols of a formerly world-embracing British merchant navy. At its peak it ran a fleet of more than 100 ships. Even in 1981, as recession bit into world trade, it had 36.

Nowadays, Ocean's deep-sea fleet numbers just six, and although the names of some of its famous shipping lines still survive on the West African trade routes - Elder Dempster, Palm Line and the Guinea Gulf Line - *the scale of the slim-down looks* as though it should have been disastrous.

Yet Ocean turned in £37m of pre-tax profits last year. It is capitalised at £400m, making it the third biggest Merseyside-based public company after Royal Insurance and Pilkington.

Last year, as if evidence were needed of its worth, it became a *likely prey to takeover as it* started to emerge from its re-organisation. It had to fight off a bid by IEP (UK) - the Brierley Group. The City institutions and other shareholders who stuck with Ocean clearly believed that the company has made the adjustments needed to thrive in the 1990s.

A fundamental part of the ad*justment was a new management* structure. The original Ocean Steam Ship Company was founded by Alfred Holt in 1865 for the China trade, and its first Blue Funnel cargo liner, the Agamemnon, sailed from Liverpool the next year.

Three years later, Alexander Elder and John Dempster set up the British and African Steam *Navigation Company for the* West African trade. Ocean and Elder Dempster then continued in parallel development for most of the next 100 years, absorbing and merging with other shipping lines on the way.

Elder Dempster joined the Ocean Group in 1965, in partnership with British Commonwealth, P&O and Furness Withy. The shipping industry *was moving into areas such as* big bulk carriers, containers and offshore services. Ocean had the economy of scale to be a major player.

The growth of the group by accretion - and its sense of history and tradition - was reflected in the way it ran things. In 1973, for example, the company listed 12 directors, nine of whom were *managing directors, including* the chairman and deputy chairman.

The appointment of Mr Bill Menzies-Wilson as chairman - when the recession of the 1980s was wreaking havoc everywhere - was hailed by commentators as ending a gentlemanly era in British shipping. He presided over a restructuring of the management team and *last year* Mr Nicholas Barber was appointed group managing director to run it.

Over the last five years Ocean has built a thriving group of land-based industrial and distribution service businesses and radically reduced dependence on the cyclical shipping industry.

It has sold assets which were *not* generating good cash returns - including its interest in one of the main fruits of the 1965 merger, Overseas Containers. It has virtually eliminated the group's debts and improved the quality of earnings.

Profits from land-based services have grown from £8m in 1980, to £11.6m in 1984, to £22m of the £37m the group made in 1986.

Mr Barber says: "We have gone through a massive and painful change. As a group we have come through better, fitter and stronger. We have re-focused from our historical, narrow base into industrial and distribution services, where part of our success is coming from strong identification with our customers."

An example is running distribution services for J. Sainsbury, the grocery chain. Other activities include environmental services and laboratory work for industry, as well as fuel consultancy. *The emphasis is on* achieving better added value than the customers could in-house.

The changes have meant that Ocean has spread from its Merseyside base, but it is still a strong North-West company, with 1,200 of its 9,000 employees working in the region.

Merseyside remains important, with *Ocean dominant in* tugs, container operations at the mouth of the Manchester Ship Canal at Eastham on the Wirral, and warehousing - where Ocean leads in the warehousing of several commodities. Shipping continues to be run from Liverpool - it is profitable, but the return on capital is low.

Mr Barber says: "Half our earnings come from overseas in 30 countries but the North-West still accounts for 20 per cent. For instance, we have a tyre retreading factory at Wigan and warehousing at Trafford Park.

"We are good at small ports operations, cargo handling and freight forwarding. We have taken long-established Merseyside skills and turned them into *commercial operations.*+

*The key has been to develop* strong divisional and middle management. Since Ocean has done this mainly from within existing resources, this suggests there was untapped talent trapped in the old structure.

Corporate head office is in London but many head office functions are carried out in India Buildings, one of Liverpool's *most famous edifices.* Ocean has done well out of scaling down its use of the building, letting half of it so that it now enjoys a 90 per cent occupancy rate.

The great change in management style has revolved round decentralisation - no operation has more than 300 people - and local profit responsibility. *There are incentive rewards for* the people in charge but Mr Barber maintains that "the biggest incentive for a manager is control of the bottom line."

He adds: "We have also worked hard on better communication from the top of a sense of direction about where we want to go. These are not glamorous industries but at least we *know where we are going.*"

## After the end of Greater Manchester's Big Brother....

# Facing up to the challenge

OF ALL THE English metropolitan counties created in 1974 and disbanded in 1986, Greater Manchester had the least identity problem. Despite fierce political struggles in its early years, and a few anomalous border lines, the county "fitted". It was just beginning to operate fully as a county when abolition struck.

Now, after 18 months without the second tier of local government, the word from the civic centres is that cooperation between the ten metropolitan districts is better than ever. Since there is no big brother to battle with, progress on issues with shared interests has to be by mutual consent.

Councillor Bernard Coyle, leader of Wigan Metropolitan Borough Council and chairman of the Association of Greater Manchester Authorities, says : "the sense of purpose between the districts has never been stronger". Or, in pragmatic Lancashire terms : "we can't leave it to somebody else, so we have to get on."

His opinion is echoed, in the language of a local authority solicitor, by Mr Peter Bounds, Bolton Metropolitan Council's chief executive : "whether we agreed with abolition of the county council or not, it is the responsibility of the ten district councils to make local government work. In Greater Manchester the challenge is being met in a positive spirit, with good political cohesion through AGMA." Manchester City Council's leader, Councillor Graham Stringer, adds his voice to the chorus : "at abolition it was a worry that each of the ten districts would go their own way. In fact, AGMA has brought the districts more closely together. On many issues we cooperate in a way which was quite unpredictable before abolition".

This may very well be the case. Most of the county's 2.6m inhabitants are happy to take it on trust, if they ever think about it. In the days of GMC, committees and council meetings were hardly a box office sell-out. AGMA's bi-monthly meetings are technically open to press and public but you wouldn't really know it. Local democracy hangs on, at a remove.

The association deals with

**The ten councils have drawn more closely together through the Association of Greater Manchester Authorities, since the abolition of the top tier**

countywide activities like the fire and police services, refuse disposal and country parks, each administered by a nominated "lead" authority. It also debates strategic issues like out-of-town shopping, the development of Manchester Airport, and progress on the proposed Light Rapid Transit supertram scheme.

In many instances, AGMA presents a united front which cuts across local interests. For example, it sent a delegation to Strasbourg and Brussels during September representing the six Textile Closure Area districts, whose EEC-financed grants were coming to an end. The AGMA delegates put the case for major rehabilitation of former mill sites under the Mersey Basin scheme amounting to £100m over five years.

On the other hand, an attempt organise all ten districts against the spate of proposed out-of-town shopping centres has proved hard to sell. For reasons of their own, Salford and Trafford have indicated that they may not join the local authority consortium opposing such centres in the present round of public inquiries.

Bolton's Peter Bounds suggests there is still plenty of scope for local authority initiative, despite the continuing inroads of Thatcherite legislation. "Nobody is optimistic about the long-term possibilities for local government as self-government," he says. "But efficient authorities can be very successful at amassing government funds. We have become good at spending other people's money."

The city of Manchester cannot agree. Manchester has traditionally spent its own, or what it saw as its own, resources as of right. It has also a history of being at odds with the other districts in a county context. Back in 1974 many of the city's officers and politicians moved across to the county as the natural leaders. There followed years of scrapping with former colleagues on the city council over control of the airport, art galleries and so on.

By the time Manchester's new left emerged as the dominant group on the city council (and in the city Labour Party) the GMC had established its strategic role. Manchester city councillors were free to pioneer nuclear free zones, set up a police monitoring committee and promote libertarian causes. It was the county who pushed through city centre pedestrianisation, financed the G-MEX centre and the Midland Hotel revamp, and argued the case for rapid transit. As a parting legacy, the county funded the landscaping of Albert Square.

Manchester's main contribution to the city as a regional centre has been in creating the City Centre Campaign (principally to attract shoppers back to the big stores) and in promoting tourist areas like Castlefield Urban Heritage Park. The city has always taken pride in subsidising the Halle Orchestra, and the Library Theatre which it funds from its own coffers without Arts Council support. However, all the major additions to Manchester's thriving arts scene looked to the county rather than the city for their principal funding.

When GMC went Manchester City Council was too deeply involved with its financial problems to give much priority to the rest of the county - the exception being the revenue-earning airport, where the city has retained a controlling stake in the plc.- Greater Manchester looked to politicians like Councillor Coyle (who is also chairman of the GMEDC) rather than Councillor Stringer. Without doubt, Manchester's city -centre is much-improved. Hotels are booming, restaurants and shopping arcades offer more variety than any other regional centre, the professional community is bullish.

The city council can take credit for encouraging initiatives in Chinatown, rekindling civic pride in squares around the Town Hall, and sponsoring street musicians to amuse weekend shoppers. It is not anti-business as some critics claim. But other measures like a litter-free zone haven't proved so successful. The state of the streets - and the state of the roads - is hardly adequate for a regional capital.

Manchester suffers in relation to Glasgow, Birmingham and even Liverpool in not being essential to much of its working population. The people who pour into the city each day live throughout the county and beyond - deepest Cheshire, the High Peak area of Derbyshire, coastal Lancashire and even parts of West Yorkshire.

Conversely, many Manchester residents exist in little-hope inner areas like Collyhurst and Hulme or in disadvantaged outer suburbs like Wythenshawe. In this scenario, unemployment figures for the travel-to-work area (around the national average) mean very little.

Despite all sorts of public sector and private initiatives, Manchester's overriding concern is a municipal poverty caused by several years of declining rate support grant on top of many years of dwindling population. Well-publicised feats of creative accountancy - including hocking the Town Hall and other council buildings - staved off rate-capping. But the crunch has come and will be worse next April.

We are unlikely to see a fight-to-the-death as in Liverpool. Manchester's leaders are not members of Militant, nor do they represent an intransigent working class ethic. They are having to survive on their wits, and the buffer of a big council majority. Creative accounting has given way to creative provision, somehow eking out essential services without asking for compulsory redundancies from theCouncil's 40,000 staff payroll.

Manchester's political crisis has important implications for the region. As industry and commerce revives the North West will be looking to Manchester to enhance the pivotal service role it has boasted since Victorian times. Because of past investment Manchester has a big lead, but there are several other towns and cities in the region which would happily grasp any opportunity to narrow the gap.

**Robert Waterhouse**

## Profile: Refuge Assurance

# Landmark that had to move

REFUGE ASSURANCE made its mark by offering a decent funeral annuity to Victorian working people, but has spread way beyond financing Manchester undertakers. Today, it is a mid-range group with assets of £2bn.

Life assurance remains the principal business, and the company keeps faith with its origins by concentrating on home service to the C1, C2 and D2 market. The Refuge's landmark building in Oxford Street, Manchester, was commissioned in three stages from the office of Manchester's best-known architect, Alfred Waterhouse, as the company prospered.

Alfred built phase one, his son Paul phase two (which includes the cupola tower), whilst phase three followed in the 1930s. These baroque but dignified offices were created as a model workplace by a paternalistic employer.

Increasingly, however, the Refuge buildings proved hard to adapt to modern practices. The high-ceilinged halls were better suited to pen-pushing than screen-watching. They proclaimed a fusty image inconsistent with modern lifestyles and Sunday league cricket sponsorship. Management decided to move rather than revamp a building whose Grade 2 listing mentions the elaborate tiled interiors.

The man shouldering responsibility for the move, which takes place during the weekend of November 6, is the group's vice-chairman and chief executive, Mr Tom Booth. Mr Booth, a balding, bespectacled chartered accountant, has been with the Refuge since 1959. He is not the sort of person you would easily associate with controversy. Nor is he your typical Manchester businessman.

Mr Booth smiles freely and finds it hard to disagree, even with impertinent questions. But controversial the move certainly is. At a time when Manchester's business community has dug into its hearts and pockets to support the City Centre Campaign, the loss of the Refuge head office along with some 780 jobs will be felt hard.

Mr Tom Booth, chief executive of Refuge Assurance who chairs the CBI for the region

And the fact that the Refuge is transhipping to Wilmslow of all places, the Wilmslow that fought to keep out of Greater Manchester, where unemployment is low and the local economy already hectic, hasn't helped silence the critics.

Yet the move is beginning to look right. Refuge had the sense to engage the Manchester office of Building Design Parnership as architects for the 14m parkland development, and BDP have done a typically-thorough job. The new building will offer a self-contained work environment with high standards of staff comfort.

Not surprisingly, then, as many as 700 head office staff are to move with the building. Those living in North Manchester or beyond will be offered travel and relocation packages; those not prepared to make the extra journey have accepted voluntary redundancy terms.

The two-story complex has been purpose-built in the grounds of Fulshaw Hall, which will become a training centre. Public spaces, including a staff dining room and coffee areas, overlook the newly-created lake. The discreetly post-modern exterior conceals a high-tech, open-plan interior with all services underfloor.

As for Manchester, predictions made two years ago that the Refuge's exit would speed the city's decline just haven't transpired. Office letting in the prime business district (half a mile from the Refuge) is buoyant. There are well-advanced plans to incorporate the Refuge buildings into an ambitious mixed development for Whitworth Street tied in with the Government-backed Phoenix initiative. The£76m scheme has Manchester City Council's full backing.

**The fact that Refuge is transhipping to Wilmslow of all places hasn't help silence the critics. Yet the move is beginning to look right.**

Mr Tom Booth's move coincides with his two-year tenure as regional chairman of the North West CBI. He is using the post as a means of unambiguous propaganda on behalf of the region. He points out that CBI member-companies in the North West report their best order books for years. Productivity and profitability has improved. Even the textiles industry is showing something of a renaissance. Skill shortages are becoming the biggest worry.

Grabbing every platform available to talk up the North West, Mr Booth is now beginning to find that local audiences agree. The message his fellow members ask him to take down to Centre Point is that, rather than press for further tax cuts, the CBI should be asking the Government to pass on benefits direct to industry where expansion can create more jobs.

But isn't the main drawback to further investment in the North West economy its poor environment and patchy infrastructure? Mr Booth declines to be drawn into political debate, other than suggesting that those local authorities which care to coooperate with the Government are making real progress in projects like Salford Quays. He suggests that the Trafford Park Urban Development Corporation may become the motor for a new industrial powerbase, but agrees that it will not address the central issue of the Thatcher agenda, the inner city.

Thirty years ago, when Mr Booth first worked in Manchester, the chimneys - industrial and domestic - left a black pall over the city. He remembers as a young articled clerk watching a lunchtime visit by Princess Margaret. It was so dark it might have been night.

Things are better now, and the buildings much cleaner. But the Manchester which working people could treat as their own town, living nearby in close-knit communities like Hulme, has vanished with the smog. The Refuge's family ethos, symbolised in a dining hall dominated by a stage where staff presented choral evenings, plays and reviews, fell away in the 1960s and will be hard to recreate at Wilmslow.

However, the new site brings with it the chance to establish a social club in the grounds. Harefield House, a solid Victorian mansion, is being converted for this purpose. Facilities will include a gym and a creche for working mothers.

The move to Wilmslow is intended to reshape staff attitudes as well as the group's image. But there are memories, too. Long before the mainframe computer was transferred, the Refuge had installed its war memorial on a prominent site by the lake.

Mr Booth insists that Manchester remains the magnet for regional services. He still misses that village atmosphere in the city's clubs and restaurants, that sense of knowing everyone who matters in your own particular line while the world goes on around you. But it's a delight which can be shared if one remove, he says.

When moving was on the agenda, the Refuge could theoretically have resettled anywhere. After all, it has district offices across the country, its main property portfolio is in London and the Home Counties, and computers work no better for being in the North West. But such a drastic move was not considered. Quite apart from staffing considerations, the Refuge has an equity stake in 16 of the 20 companies represented on the CBI's North West regional council. Tom Booth could never have walked away from that.

**Robert Waterhouse**

## Greater Manchester Economic Development Corporation

# How to bring perceptions of a region up to date

CIRCUMSTANCES have conspired to make the last 18 months a testing period for the Greater Manchester Economic Development Corporation, the limited company charged with promoting investment throughout the county by co-ordinating public and private sector action.

First GMEDC had to learn to live without its parent body, the Greater Manchester Council, which went the way of all metropolitan counties on April 1 1986. This wasn't difficult in practice; the Development Corporation had always run its own affairs since being set up by the GMC in 1979 as a prototype local authority enterprise board.

The problem lay in securing continued support from the ten metropolitan district councils on which the GMEDC depends for its promotional and industrial liaison budgets. With GMC dead and gone did the districts, all of them powerful in their own right, wish to perpetuate what some saw as a glossy, irrelevant neo-quango?

It was a moment for parochial tendencies to surface. In order to head off over-hasty action, the newly-formed Association of Greater Manchester Authorities (AGMA) commissioned an independent review of the GMEDC from Manchester Business School. With a question-mark hovering over its future and the retirement of its first managing director, Mr Leslie Boardman, imminent, GMEDC understandably struggled to maintain momentum.

The MBS report, written by faculty members, concluded that the organisation had "all the elements required for an effective development corporation except considerable central government assistance". There was special praise for its land and property achievements, and for the development banking role of its Worknorth subsidiary, set up in tandem with the Co-operative Bank. AGMA's assessment of the report accepted the gist of its recommendations but was opposed by one district council out of the ten. There followed a six-week negotiation before AGMA's board agreed to continue funding the non-revenue earning part of GMEDC's activities after its two-year period of grace ends in March 1988.

When Mr Boardman, a former local authority solicitor with intimate knowledge of the area and its personalities, retired in December 1986, AGMA had not officially confirmed future funding arrangements. This led to delay in appointing his successor. During the interim months GMEDC was run on a day-to-day basis by senior officers headed by Mr Ian Bolton, its Finance Director.

All the usual appointment procedures were followed before Mr Stewart Anderson took up his post as the GMEDC's new managing director in March 1987. Mr Anderson, a Glaswegian, had a background in industry, job-creation and management consultancy. From the outset, Mr Anderson seems to have experienced difficulties communicating with his staff, who had been summarised in the MBS report as offering "considerable experience, knowledge and functional competence". Their loyalty to the GMEDC set up by Leslie Boardman was never in question.

### When parochial tendencies surfaced

Matters came to a head in July 1987 when Mr Anderson summoned Mr Bolton to his office and told him he was suspended from duty. Ian Bolton departed, but within ten days he was reinstated by the GMEDC's board. Mr Anderson left shortly afterwards. Mr Bolton is today back at his desk, and back to the task of jointly running the Development Corporation while the board goes through the chore of selecting another managing director.

Despite this recent history, and the uncertainty it creates for both Development Corporation staff and clients, GMEDC has established a track record of achievement inside and beyond the county.

It operates in three broad areas: land and property development; financial assistance to industry; and promotion and industrial liaison.

The first role, created largely when the GMC transferred responsibility for several major sites, is drawing to a successful conclusion. The second involves a rolling fund participating in projects via loans and equity stakes. The third offers a broad programme of trade missions, seminars and back-up for industrial enquiries.

Since 1979, GMEDC has built or sponsored 382,000 sq ft of new workshop space in 13 developments, of which 11 have been sold on and just 12,000 sq ft remains vacant. Of the 205,000 sq ft of older property it has redeveloped only 4,000 sq ft is unlet.

On the development banking side, Worknorth has to date invested £3m in some 50 Greater Manchester companies, which between them employ 4,700 people. The loans and equity stakes have stimulated some £27m in private sector investment at an outlay by the development corporation of just £700 per job.

The MBS appraisal saw Worknorth's lending criteria as filling a gap between the low-risk/low-return practices of normal secured banking and venture capital's high-risk/high-return profile. The report noted that in the period under review (1979 to April 1986) only three out of 32 client companies had gone into liquidation. Workmorth had achieved a high standing in Manchester's financial community.

Perhaps the best indication of Worknorth's success came from interviews the MBS writers conducted with 11 client companies. "Unprompted, they frequently praised its flexibility and speed of response, and this was commonly contrasted with the perceived myopia, conservatism and rigidity of the conventional banking sources," the review records.

Ongoing promotion and industrial liaison involves several trade missions each year. This autumn, for instance, there are missions to the US and Canada, to Scandinavia and West Germany - all repeat performances. Next March the Development Corporation will again be leading a Hong Kong trade mission, open to any North West company. After early misunderstandings, GMEDC has sorted out its relationship with Inward. The Development Corporation looks after local companies seeking to expand markets; it is an enabler but it does not itself close deals during trade missions. Neither is it competing with the newly-formed Trafford Park UDC.

During last year's successful trade mission to Chicago (reinforcing the new American Airlines daily direct Manchester-Chicago flight) GMEDC received logistical support from Inward. "We are more than happy to work with any other organisation," says Mrs Yvonne Bradbury, GMEDC's Director of Promotions. "We are not acting in isolation. We want a high profile for the county and for the region, and that includes harnessing the major companies who operate here."

She was less than delighted when the North West media saw no story in the GMEDC winning Best Stand award at last November's CBI Bournemouth conference. The stand, decked out in a new livery, included a nine-screen promotional video. Mrs Bradbury picks up a theme of the MBS report when she suggests that Greater Manchester needs a strong marketing strategy. "The product is there, and it is so marketable," she claims. "I see visitors from all over the world who are pleasantly surprised by what they find in Manchester. The perception of the area they bring with them is quite out of date."

Ian Bolton says that while the county is experiencing a period of massive structural change, "Greater Manchester is still one of the most substantial and productive manufacturing areas in Western Europe".

Moves are now afoot to strengthen GMEDC's development banking role. Assets from continuing disposal of industrial and commercial property seem likely to be channelled that way, and other developments may lead to Worknorth becoming a bigger player in the burgeoning North West venture capital market.

**Robert Waterhouse**

## Manchester's council leader

# 'The threat of the poll tax

COUNCILLOR Graham Stringer, leader of Manchester City Council, missed last month's Labour Party Conference in Brighton because he judged the city's immediate needs more important than any debate on the Party's future.

The political challenge for Councillor Stringer and the broad Left group he leads lies in confronting Manchester's financial crisis without devastating services or asking for compulsory redundancies among the city's 40,000 strong municipal workforce.

Mr Stringer discusses the challenge, and its causes, with a matter-of-fact concern which spurns rhetoric. If Mrs Thatcher is seeking a showdown with the big Northern cities, Manchester may yet prove an elusive combatant.

So just what is the extent of the crisis? "Since 1979 the Conservative Government has withdrawn more than £600m in rate support grant and housing subsidy from Manchester. Over the last two or three years, the City Council has used financial accounting devices to extract £200m from the Government in terms of grants which we wouldn't have received otherwise. Now, we've come to the end of the creative accountancy phase.

"That means the level of services we provide - which are high because of huge needs, particularly within the inner city - is going to be trimmed. We're trying to do this in a rational and sensitive way so as not to detract from the service at the point of delivery. We're attempting to protect our home helps, our carers, our classroom teachers."

Does that imply all council jobs are safe? "There can be no compulsory redundancy. We will undertake restructuring of services, which will mean redeployment. Following the re-election of the Tory Government in June we imposed an immediate freeze on filling vacancies. Now we have reached the point where it makes sense to fill joiners' positions on capital building projects but not vacancies for committee clerks or administrators."

During the long run up to the General Election was the City Council's policy simply to pray for a Labour victory? "No, because even a slight change in the rules applying to local authorities' ability to borrow, and the way the rate support grant settlement is worked out, would remove the financial constraints from Manchester almost overnight."

Creative accountancy had allowed the city to avoid about £80m a year in rate-capping but, Stringer adds, "if the Government stopped penalising us for good services and simply gave us what they thought necessary it would solve a lot of our problems".

Graham Stringer: matter-of-fact concern which spurns rhetoric

Given that the screws are on, and every individual council activity is under review, to be followed by a problematical budget for 1988-89, with rate-capping well and truly in force, the old-guard right-of-centre Labour group must be anticipating a return to power next May? "At the present time there is probably less disagreement than in the past. The group who elected me, as opposed to the previous Labour leader, had a majority of about 5-3. I can't see that balance changing."

Assuming he survives to fight on, what does Councillor Stringer see as the main implications for Manchester of the proposed Community Tax?

"To begin with there's no guarantee the Poll Tax will get through Parliament. Lobbies are building up against it from all sections of society, and I believe some Tory backbenchers are very uneasy. We intend to do all we can to prevent any Bill becoming law, both by briefing MPs and by taking the campaign to the backyards of Conservative members.

"If the tax is imposed on Manchester it will have a very damaging effect on the city's finances. But I don't agree with Tory claims that it will end Labour's domination of Manchester and other big cities. Voters will know that it has been imposed by central government. There will be an enormous political backlash against the Tories.

"Any population-based source of income is bound to damage a centre like Manchester which has to provide regional services. Manchester's business community seem to think that because present rates are so high in the city, a uniform system will benefit them. What they don't realise is that some parts of the country will have to subsidise places in the South East like Croydon which are underrated at present. Ministers are not going to allow rates in Tory-controlled areas to leap. That could mean even more money taken from Manchester."

Can Manchester, with all its present and potential problems, still perform its role as a regional centre? "Yes. Six or seven years ago Manchester seemed to be on its last legs as a commercial centre. Shops were closing, and the numbers of people using them diminishing. As a result of cooperation between the City Council and the Chamber of Commerce with the City Centre Campaign we have reversed the decline. Manchester has outperformed all the other major regional centres in increased trade over the last five years."

Mr Stringer also points, with a hint of pride, to the increased numbers of theatres, hotels, and banks. He accepts the importance of the professional community to city life while recognising that many live way beyond the city's boundary. He stresses the usefulness of having regional DTI and DoE offices in Manchester, particularly when this allows the Council leverage on disadvantaged areas.

Realistically, what way forward on the inner cities is there between committed Labour councils like Manchester and a government determined to push through its own philosophies?

"We are beginning to win the argument, because the Government is having to recognise that it can't simply transfer theories about free market regeneration from the South East to areas like Moss Side or East Manchester.

"Our approach is to tell the Government that these areas need both public and private-sector investment, but that you cannot make things happen without the knowledge and resources of the local authority. This has been understood by the Phoenix initiative partners where private sector developers have said they welcome our support and commitment".

Would the City Council go along with the idea of an urban development corporation to tackle the huge problems of East Manchester, where the industrial base largely collapsed in the 1970s?

"Absolutely not. UDCs are anathema to us, especially in an area where many people still live. The City Council, together with the DoE, has commissioned a study on the next steps for East Manchester. Maybe a UDC is acceptable in Trafford Park, where nobody lives, but you can't remove democratic rights of consultation and planning procedures in an area of mixed use."

During the Stansted inquiry, Manchester led the effective Case for the North against heavy investment in London's Third Airport at the expense of the regions. Behind the scenes lobbying allowed Manchester Airport's management do deals which have made it Europe's fastest-growing operation and the high spot of the Northern economy.

However, doesn't the heavily commercial line at Ringway, and a face-it-out attitude to the strike which closed the airport last winter, come strangely from a caring Labour authority?

"We've always taken the view that the airport is in an internationally competitive business, that it's vital for the regional economy, and that we want its success to continue. That means having to make a lot of decisions on a commercial basis. On the other hand, we're not just there for the bottom line".

At some £20m profit last year, it wasn't a bad bottom line all the same. "No, not bad. We inject profits from the airport back into the airport so that it continues to support the growth of the regional economy. We will make investments that perhaps the private sector wouldn't."

**Robert Waterhouse**

How Cheshire came to terms with economic change

# Benefits of a broad base

"FIVE YEARS ago we felt very much the underdogs in trying to attract companies to Cheshire. We assumed big foreign companies would go elsewhere. Now we don't...we feel we are meeting the challenge."

The comment from a senior Cheshire County Council officer sums up the new confidence in the county's economy, and there are a string of recent acquisitions to prove it.

The officer, Mr Monty Caldwell, head of the county's employment promotions group, points out with some satisfaction that it costs £40 to find space for a wastepaper basket in the City of London. In Cheshire it costs £6.

Although salaries are appreciably lower in Cheshire, he argues people can buy more, particularly in the property market. "So our thesis is that both employers and employees can benefit."

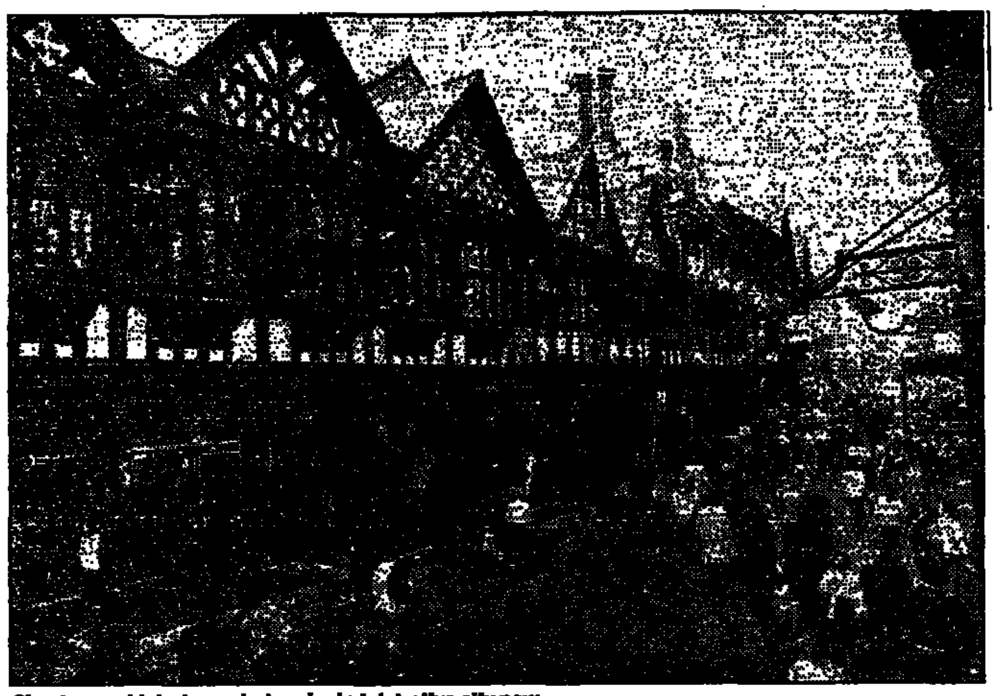
Although the image of Cheshire tends to be of an attractive, rural county, agriculture employs relatively few people. The key to the county's prosperity lies in industry and in its ability to come to terms with economic and industrial change.

Before the last local government re-organisation, Cheshire's boundaries had remained substantially unchanged since Domesday. But in 1974 the shape, size and character of the county were all changed significantly.

Large areas, mostly urban, were surrendered to the new Merseyside County Council and to Greater Manchester. In return Cheshire received the county boroughs of Chester and Warrington, together with Widnes and other small areas of Lancashire. The result is a more compact county with no part more than an hour's journey by road.

Because it did not rely as much as Lancashire on the traditional industries of textiles and coal, Cheshire did not suffer as severely in the recession of the late 1970s and early 1980s. But there is some evidence that it was relatively slow in coming to terms with the changed economic circumstances.

This transition has now happened and there has recently been a spate of good news of UK companies moving to the county from the South-East and of foreign companies choosing Cheshire in preference to other areas of the UK or to Europe.



**Chester: an historic market and administrative city now becoming a financial and high technology centre.**

"There has been a marked improvement in the last 12 months but we are by no means complacent," says Mr Les Rogerson, director of Cheshire's industry and employment division.

Traditional industries like petrochemicals, vehicle manufacture and engineering have been joined by "sunrise" industries such as electronics, fibre optics and biotechnology. Cheshire has a strong tradition of major employers - companies like ICI, Rolls-Royce, Marconi and Siemens - manufacturing quality products requiring high levels of skill.

Industrially, the county can be divided into three: the heavily industrialised north centred on Warrington, Runcorn, Widnes and Ellesmere Port; the Wirral and Chester in the west; and south Cheshire centred on Crewe. All have shown signs of economic improvement.

Hardest hit by the recession was the north because of its dependence on wire, steel, coal and chemicals. There were big losses in employment and it was an uphill task to attract new jobs and broaden the economic base.

One of the success stories in the area has been the Warrington and Runcorn Development Corporation, which has attracted over 800 companies in the last decade and created 26,000 jobs in Warrington alone.

Nearly half have been in distribution and in industries like brewing where excellent road communications are important. The corporation's glossy promotion literature is subtitled "the nation's most central location" because of its pivotal position on excellent motorway and rail services midway between Scotland and the South-East of England.

Perhaps the most dramatic expansion has been in the Chester area which is turning from an historic market and administrative city into a financial and high technology centre. it was helped by its special development status in 1984, but more recently one of the attractions has been Chester Business Park.

The park has been chosen for its headquarters by St Michael Financial Services, the charge card operation of Marks and Spencer, by Shell Chemicals (UK) for the headquarters of its chemicals division, and by Videcom, the computer and software manufacturers who are moving from Henley-on-Thames and Reading.

"High on the list of criteria which has proved to be attractive to those taking space has been the availability of more economically priced housing....road communications, access to an international airport and the overall ambience of a truly green field situation close to a major conurbation," says Mr R.P.Harwood, divisional director of Alfred McAlpine Properties, which is developing the park.

There has also been a more coherent effort recently to market Chester as a tourist centre. Statistics showed it was losing out to cities like York and Edinburgh and to the aggressively marketed former industrial towns like Wigan and Bradford. New hotels are being built in Chester and throughout the county.

Crewe, the home of Rolls-Royce Motors, the Wellcome Foundation and NMW Computers, is something of a paradox. British Rail, a long-time traditional major employer, has recently announced substantial redundancies in its engineering workshops. But, like Chester, it has been developing a successful £90m business park, backed by the county council and by Crewe and Nantwich Borough Council, and it has attracted some high calibre companies.

**Richard Evans**

ERF/Foden

# Trucks in the fast lane

THE PEOPLE of Sandbach in Cheshire (population about 14,000) can hardly believe it. The fortunes of the town's two heavy truck companies seem to be rising strongly again.

In particular, ERF, the last independently-owned British truck company, seems once again to have escaped oblivion by a hairs-breadth. The company's production and sales are rising strongly. It is hiring again. Its share price - for ERF is doubly unusual among its rivals in that it has a London stock exchange quotation - has risen sharply from a low of 50p.

One mile away from the ERF factory, the mood at Sandbach's other truck company, Foden, is also buoyant. Order levels are 100 per cent ahead of those at this time last year and Foden, like ERF, has started recruiting again.

The upturn has so far created 100 new jobs at Foden, 50 at ERF and a healthy increase of business for many local subcontractors and suppliers.

Yet only 18 months ago there were still major doubts about ERF's ability to survive. These doubts were reflected not only in its share price but also in the fact that many potential customers held back from buying ERF vehicles in case it went out of business.

There were many who could not believe ERF's luck - and that of its 900 employees - would hold out and it would survive the nastiest recession ever seen by the UK truck industry.

There was also a certain unease about Foden, which employs about 600 people, for a time last year, not because Paccar, its US parent company, showed any signs of poor financial health but because it was negotiating to buy Leyland Trucks from the state-owned Rover group.

That deal did not materialise but there are many observers who believe that, if it had gone through, the Sandbach factory would have closed and its operations moved to Leyland in Lancashire.

The recession caused Rover to give up trying to revive Leyland Trucks and to sell it to Daf Trucks of the Netherlands instead; forced General Motors, the world's largest automotive group, to give up making Bedford trucks in Britain and forced Ford to ease its way gently out of the business by selling its medium and heavy truck operations to a joint company in which Iveco, the Fiat-owned heavy vehicles group, plays the dominant role.

Very early on during the dramatic 50 per cent drop in heavy truck demand in the UK which took place in only two years the final financial coup de grace was delivered to Foden which went into the receiver's hands in July 1980.

**The two truck companies, ERF, and Foden have started recruiting again and have proved their ability to survive a nasty recession**

The reason Sandbach has two truck companies is that they both owe their existance to one man, Edwin Foden, the son of a local farmer. He was one of the Victorian inventors and, among other things, designed a steam engine. He then took over a small local foundry business in 1856 to make agricultural engines.

By 1900 he was selling agricultural and steam engines all over the world. He floated Foden on the stock exchange in 1911 but died shortly afterwards, leaving his sons to run the company.

The sons did not get along. After yet another family row - which was probably about the relative merits of diesel engines - Edwin Richard Foden left the company and in 1933 set up just down the road to make diesel-engined trucks. Unable to use the Foden name, he used his initials instead.

Today Edwin's son, Peter Foden, is chairman of ERF.

The Foden company continued to be run by members of the Foden family or their distant cousins, the Twemlow family, until the receiver was called in.

It was a classic case. Fodens expanded rapidly, building new capacity to lift production from 2,000 to 6,000 trucks a year. Just as the company took on the heavy burden of debt to pay for the expansion, the first shocks of the oil crisis in the mid-1970s sent demand plummeting and interest rates soaring.

In 1975 Foden almost became a state-owned company because the government offered financial help. On that occasion, however, some City institutions decided to provide the money to enable Foden to continue under its existing management - but the cash injection entitled the institutions eventually to a 60 per cent stake in the company.

The Foden directors were confident enough about the company's ability to survive to turn down an £11m bid from near-neighbours Rolls-Royce Motors, based in Crewe, in 1977.

At the peak of its fortunes, Foden employed 3,000 people. It produced its own gearboxes and aluminium castings. By the time the receiver moved in, those ancillery activities had been closed and the workforce reduced to below 2,000.

Worse was to come. The receiver found a buyer for the Foden assets - but not the business as a going concern. In October the financial institutions received £18m from the sale of the assets but the workforce was made redundant.

The new owner of the Foden factory was Paccar, the US group which assembles the Kenworth and Peterbilt heavy trucks. Paccar hired about 350 of the old workforce and began to reorganise the Foden operations.

One of the very first casualties was the award-winning Fodens brass band, one of the most famous in the UK, founded by Edwin Foden in 1900 to celebrate the relief of the siege of Mafeking.

Since 1980 Paccar has slowly and surely made changes to the Foden vehicles so that, although they might look the same, close examination shows considerable improvements in cab interior, suspension, engine choice and build quality.

This culminated earlier this year with the launch of a new range of heavy trucks, the 4000-series, for applications at 24 tonnes gross weight and over. Paccar put two and a half years of research and development into the new models, involving input from its design engineers and stylists from both sides of the Atlantic.

But, although there was considerable technological input from the States, the new models are over 90 per cent British in content.

The combination of up-to-date technology and British content also played an important part in Foden winning an important share of the UK army's Drops (Demountable, rack, off-loading and pick-up system) contract for vehicles to meet the requirement for faster supply of ammunition between depot and front line.

That should provide a useful increase in output for Foden in future. In 1986 the company produced 533 trucks, up from 472 the previous year.

ERF's output, according to the Society of Motor Manufacturers and Traders statistics, was 1,911, down from 1,950, so Sandbach by no means matches Woerth in West Germany - where Daimler-Benz turns out about 70,000 vehicles a year - as a truck production centre.

It has taken a long time but Foden eventually emerged as a profitable company in its new shape. Paccar is very reluctant to give financial information but the latest accounts to be filed for Paccar UK (whose sole interest is Foden) show that in 1985 it produced a net profit of £587,000. That represented a considerable improvement on the £553,000 loss for 1984. No turnover figures are given and the 1986 accounts will not be filed until next month.

In contrast, as a quoted company, ERF must give a much clearer financial account of itself. In the year to March 1987 it produced a pre-tax profit of £735,000 from sales worth £75.9m. The previous financial year gave a profit of £1.24m on a £71m turnover.

The reason its share price is currently riding high is that its new E-series range of heavy trucks and has also moved into the 16-tonnes sector.

This follows a three-year plan involving widened and improved model ranges, revised service sales and marketing operations and management restructuring.

Mr Peter Foden says ERF aims to double its heavy truck market share next year and is heading for record production levels in 1987. By February the company will be producing 17 trucks a day at Sandbach - equivalent to 3,000 a year - compared with the previous peak output of 16 a day in 1979.

**Ken Gooding**

Leyland Daf

# Cautious optimism now prevails

A NEW sign has gone up at former Leyland truck plant in Lancashire. A new mood of cautious optimism prevails.

The sign says Leyland Daf, acknowledging the fact that the factory is now owned by the Dutch. The optimism springs from the fact that since the takeover in April, Leyland's share of the UK heavy truck market has remained high, exports to the Continent have increased and production at the Lancashire factory has been boosted by 36 per cent, from 41 vehicles a day in April to 56 today.

The repercussions of the deal, in which the UK's state-owned Rover group handed over Leyland Trucks and the *Freight Rover* operations in Birmingham in exchange for a 40 per cent shareholding in the enlarged Daf company in the Netherlands, continue to be felt in this part of the North West.

*The engine lines and foundries* at Leyland are to be phased out with the loss of about 1,400 jobs. These operations were divorced from the Leyland Trucks business at the time of the Daf merger along with the Scammell specialist heavy truck plant at Watford which will close with the loss of 600 jobs.

Some of the Scammell operations - production of trucks up to 50 tonnes gross weight - will be moved to Leyland during the coming year.

The UK Government provided about £300m for this rationalisation and redundancy programme and to pay off Leyland Trucks' accumulated debts so that the company would be in a viable condition for the takeover by Daf.

Leyland Trucks had been up for sale for 2 years and both General Motors and Paccar of the US also showed keen interest in buying the company.

Before that it seemed in danger of dying a death of a thousand cuts as one round of redundancies and cut-backs succeeded another. In the past ten years the workforce at the Leyland site has more than halved from about 13,000.

Today at the Leyland site the truck assembly lines employ 1,000, another 500 work producing components and 80 people pack kits for export.

About 800 work on product development at the technical centre and there are roughly 400 headquarters staff, a number which is changing daily as more jobs are switched to the separate Leyland Daf sales and marketing headquarters at Thame in Berkshire.

Six miles east of Leyland, at Chorley, the Leyland Daf parts centre provides another 990 jobs, while at St Helens the engine re-manufacturing *facility* employs 80.

The Leyland bus manufacturing business, an important part of the Leyland scene in the past,

**Since the Dutch takeover in April production at the Lancashire plant has been boosted by 36 per cent**

*was sold off separately by Rover* in a management-led buy-out. But the operations have been concentrated at the Farrington site in Leyland where 1,700 people work.

All this is a far cry from 30 years ago when Leyland claimed to be the world's biggest truck producer and its vehicles proudly carried the name of a Lancashire town around the world, particularly into the old British colonies.

Rover claimed Leyland Trucks was losing £1m a week just before the takeover. Mr Aart van der Padt, chairman of Daf's management board, says that Leyland Daf after the merger has been profitable from day one.

Not only is the financial performance better than had been hoped for, production has exceeded expectations.

Productivity on the Leyland assembly lines has gone up by 10 per cent since April, helped by the boost in output, but also because various measures have been taken to improve performance. "People have reacted positively", says Mr van der Padt. "They are showing greater flexibility".

Leyland Daf will produce about 12,000 trucks this year compared with 10,000 in 1986. Much of the extra demand is coming from Daf dealers in Continental markets who started selling special versions of the Leyland Roadrunner light truck last year.

That will help the new Daf company, a private concern in which the Dutch Government has an indirect shareholding, increase truck production by about 4,000 from the 1986 level to 30,000 this year, says Mr van der Padt.

From now on he expects a 4 to 5 per cent annual growth in total Daf output and the Leyland factory will get most of the benefit because there is no spare capacity in the group's Netherlands plant.

*It is expected that the* Leyland site will produce all Daf's requirements for right-hand-drive trucks as well as the range Leyland has been offering.

The first Daf-designed trucks will be assembled at Leyland at *the end of 1988 and* will probably be 16-tonners. All new models will be badged Leyland Daf in the UK as they are introduced.

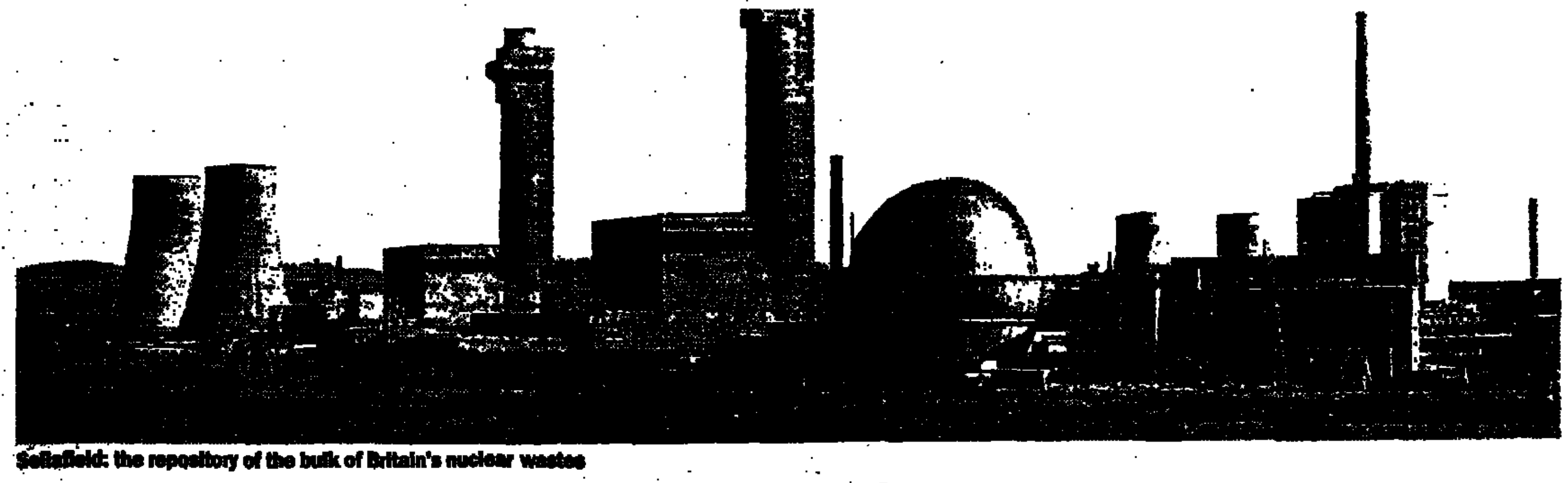
Mr van der Padt reckons it will take two years for the merg*er of the Leyland and Daf* operations in the UK to be completed. Another three years will be necessary before the Leyland and Daf truck ranges are completely harmonised into one.

He *is* uncharacteristically certain about one thing - that Leyland Daf will in the long term retain leadership in the UK heavy truck market (for vehicles over 3.5 tonnes gross weight) in spite of strong competition *from Iveco Ford*.

"We are making such good progress that we certainly won't need any more redundancies than those already announced by Rover", says Mr van der Padt.

Leyland Daf executives are even beginning to hope that the truck assembly lines might need some of the people made redundant in the foundries and engine plant.

**Kenneth Gooding**



Sellafield: the repository of the bulk of Britain's nuclear wastes

British Nuclear Fuels

# An investment of £1.5m a day

INDISPUTABLY, one of the best-known companies in the North-West is British Nuclear *Fuels, albeit often for reasons* which led one of its directors to say recently: "We want to get our name off the headlines."

BNFL, with five sites in the North-West and southern Scotland valued at £2.28bn, is investing £1.5m a day in projects which it expects will expand the company by the late 1990s to the size of Unilever or BOC today. But its business, high technology services for the nuclear electricity industry, arouses the ire and apprehensions of some vocal sectors of society.

A decade or so of hostile headlines since the term "nuclear dustbin" - invented privately in Whitehall - first reached the front pages has overshadowed the commercial achievements of BNFL. It is one of 13 organisations offering a broad range of nuclear fuel services worldwide. Competitors include Cogema, its French counterpart, twice its size, as well as the US Department of Energy, Westinghouse, Exxon, Mitsubishi and Hitachi.

Its customers are the 100-odd electricity companies with nuclear generating capacity, which provide a £5bn annual world market for nuclear fuel and a £2bn annual market for "back-end" services in recycling spent fuel and disposing of radioactive waste.

Mr Christopher Harding recently reported a turnover of £782m for his first year as chairman, with exports contributing £152m, about 19 per cent. Profits doubled in 1986-87 to £89m, after extra provisions of £64m, mainly for further radioactive effluent control investments.

But Mr Harding warns that Britain's recent decision to adopt the pressurised water reactor - the most international nuclear steam supply system - will open the domestic market for fuel services more widely to international competition in the 1990s. Of about 90 new reactors under construction worldwide, *two-thirds are PWRs*. A privatised British electricity industry will feel free to shop overseas for nuclear services, no less than for coal.

In fact, Britain has never been closed to international competition in the way, *say*, France and Japan have protected their nuclear fuel service industries. Uranium enrichment, for example, has been purchased in the US and the USSR. And BNFL, as a Government-owned plc, must respect Government instructions not to trade in certain markets, including South Africa and Taiwan, both with nuclear power programmes.

Another characteristic of BNFL's market is the long lead time between order and delivery, anything from four to 10 years. That can pose problems for pricing. "It is not just the simple business it is portrayed as," says Mr Alan Johnson, director of fuel supply services. A universal desire by nuclear nations for security of supply has probably set market patterns for three or four decades ahead, Mr Johnson believes.

BNFL plans to invest £4.5bn over the next 10 years in new production capacity to compete in this market and in waste and effluent control. Last year alone, it invested £558m in new plant. It has had regional development grants totalling nearly £200m.

One of its least recognised achievements is in persuading customers *to invest "up-front"* in new production capacity, against long-term commitments. "It is the best money to get, up-front money," says Mr Johnson. For example, in the case of Thorp, its thermal oxide reprocessing plant, under construction at Sellafield, it has received nearly £500m in advanced payments from overseas customers.

Thorp, flagship of BNFL investment, and one of Britain's most ambitious technical projects, will be the world's biggest spent fuel reprocessing unit when it comes on stream in 1992. With orders last year from the British electricity supply industry, worth £1.6bn, BNFL completed the orderbook for the first ten years of Thorp's operations, at an average annual throughput of 600 tonnes. This orderbook is worth £4.1bn, of which £2.5bn has come from overseas, mainly from Japan.

In fact, Dr Bill Wilkinson, deputy chief executive, is now confident Thorp's first-phase throughput will be at least 7,000 tonnes.

Thorp, currently expected to cost £1.65bn, will be 50 per cent bigger than the plants being installed by Cogema. However, it has fallen two years behind schedule, for three reasons, says Mr Ken Jackson, its new project manager. Six months of the slippage rests with the civil engineering contractors, and another six months with delays in winning approval from the Nuclear Installations Inspectorate. The other year he has added himself, "for contingencies" in what by any reckoning is a very complex undertaking.

Commissioning of the first part, Thorp's fuel receipt and *storage facilities, is expected to* begin this year. Mr Jackson expects all but 10 per cent of the investment *to* be made in Britain. Company policy is to buy British if the capacity and quality are forthcoming. But some of the high technology involved in vitrifying highly radioactive effluent will be bought in France.

The hunt is now on for contracts for the second decade of Thorp operations, from the year 2002. BNFL is confident enough of reprocessing costs to talk of prices up to 40 to 50 per cent below those negotiated for the first 6,000 tonnes of capacity.

Current customers will get the first opportunity. In Japan and West Germany some competing reprocessing capacity is expected to be onstream by then. BNFL believes its unit costs will work out at three times the price BNFL will be quoting, but both governments have insisted that their countries shall have the security of a national reprocessing capability.

BNFL has also received some up-front investment by customers in its uranium enrichment activities, although this has proved harder, Mr Johnson admits. The company is part of the Urenco consortium, an Anglo-German-Dutch group providing enrichment by the gas centrifuge process - in BNFL's case, from its factory at Capenhurst, Cheshire.

The fast-spinning gas centrifuge is a remarkable illustration of advanced engineering. "Blink once and it has gone round 1,000 times," says Mr Peter Roberts, enrichment director. It is designed to spin unceasingly for 10 years.

*BNFL has invested £350m in* gas centrifuge enrichment capacity at Capenhurst, and expects to invest another £400m by the mid-1990s, in helping to meet its one-third share of a Urenco orderbook valued at £2.5bn.

In addition, Capenhurst has built a gas centrifuge plant exclusively for the Navy, providing enrichment for submarine reactor fuels and nuclear weapons. This is part of the 10 per cent of BNFL business for the Ministry of Defence, although as Mr Johnson stresses, "special nuclear materials" is a market in which it often has to compete with the US Department of Energy. BNFL has won the last three competitive tenders.

Nuclear wastes rather than nuclear weapons is the main sector in which the company comes into conflict with the public. For historical reasons, Sellafield is the repository of the bulk of Britain's nuclear wastes in terms of their radioactivity content. For commercial reasons, this will continue, with Thorp becoming the dominant source of wastes in the 1990s.

Its biggest waste management project at present is the £200m enhanced actinide removal plant (EARP), intended to further reduce the activity of the waste which Sellafield dumps into the Irish Sea. Beyond lies the possibility of a still bigger project to excavate an offshore repository for solid nuclear wastes deep beneath the seabed, with access by tunnel from the Sellafield site.

**David Fishlock**

**David Loshak** looks at the region's universities and polytechnics

# Keeping resilient, despite underfunding

FOR ALL the talk of the North-South divide, of the decline of manufacturing, of cuts and crises in academic funding, and of industrial recession in the North-West, the region's universities and polytechnics are displaying a resilience, a resourcefulness and a dynamism that are in full keeping with its historic past, as the pioneer of the Industrial Revolution and "the workshop of the world."

These institutions are not academic ivory towers, for they have come to terms with modern industry's needs and problems and have forged potent links with manufacturing and business.

This has not been achieved without struggle. But today they thrive. They are notably enterprising and innovative.

The rigours of what Prof H.C.A. Hankins, principal of the University of Manchester Institute of Science and Technology (UMIST), describes as "a background of seemingly never-ending cuts in our resources," of what Prof Harry Hanham, the University of Lancaster's vice-chancellor, sees as "damage done by persistent and chronic underfunding," have, nevertheless, put them on their mettle, perhaps as never before.

Required to evaluate their strengths and weaknesses and to produce financial plans, and in addition to respond to recommendations of the Jarratt committee's efficiency studies, the universities "will never be the same again," says Prof Hanham. Certainly, they have responded vigorously to the challenge and today give every indication of emerging all the stronger and more useful for it.

The 1,200 academic and technical staff at Manchester Polytechnic, for example - Britain's largest polytechnic, with more than 17,000 students - have come into higher education only after substantial industrial experience.

Their range of expertise, in science and technology, design, manufacture, business and management, means that they are constantly called in aid for both urgent and long-term problems by many different kinds of companies.

ICI, for instance, has supported the polytechnic's School of Physics' development of techniques which measure moisture contents of a wide range of industrial materials non-invasively, using microwaves. The North West Water Authority is working with another department on quality assurance of plastics, while BICC Electronic Cables, to take only one more of scores of examples of collaboration between the polytechnic and industry, has supported a project on the mixing of PVC compounds.

UMIST, founded as the Manchester Mechanics Institution in 1824 and later Britain's first municipal technical school and first university faculty of technology, today occupies a 27-acre complex in the heart of Manchester. It currently attracts more than £6m a year in research grants, consultancy fees and other services, and has developed a corresponding variety of professional services to industry.

It is in the forefront of technological advance. Two months ago, it launched the region's first centre for biotechnology.

In 1964, UMIST became the first institution of its kind to establish an industrial liaison unit, and its academic staff are encouraged to undertake consultancy work. "We place a high value on the creative interplay between research and the demands of manufacturers," says Dr Roger Holdom, director of UMIST's Research and Consultancy Services (RCS).

These exist, he explains, to help industrial concerns overcome problems which cannot easily be solved due to lack of time, space or manpower. Each year, RCS acts as a focus for more than 400 industrial inquiries, which are placed with the appropriate departments or industrial units within UMIST.

Often, RCS continues to be involved with a project if, for example, substantial contractual or funding problems arise. RCS acts as an agent for technology transfer in such areas as patents, licences and prototype development. And it helps companies obtain financial backing: in recent years it has played an often decisive role in attracting £2m for collaborative research and development and pump priming of new industrial services.

It helps with such other matters as design services, training, quotations and progress monitoring. RCS has extensive facilities in many areas of interest to industry - among them building services, medical engineering, paper science and, appropriately for the region, textile technology.

"We are chiefly in the business of innovation," says Dr Holdom, "a long chain of events, all crucial to the growth and maintenance of a strong industrial and commercial base.

"But innovation is never an easy option. The complexity of emerging technologies, rising costs of energy, materials and manufacture, the need for industry to have the right kind of research, development and technical services, the importance of adequate skills transfer, all demand a positive response from management, and RCS is part of UMIST's management response."

At Liverpool, the polytechnic and the university are working together to forge strong links with industry, both locally and further afield, and with such other concerns as the Mersey Regional Health Authority. Many companies are putting money into academic research in the city.

"We are in the mainstream of running sandwich courses, unlike many universities," says the polytechnic's spokesman, John Nelson. "These are for hundreds of students each year and with very few exceptions we get them placed."

Lancaster University, too, collaborates with industry and commerce in many different ways. Mr Geoffrey Yates, director of its Commercial and Industrial Development Bureau, himself an industrialist, sees the importance of relationships with industry lying in the impact on teaching and research.

The bureau, Mr Yates explains, helps academics with identified research interests to find suitable partners, advising on strategy and terms in negotiating with industry, and finding facilities and expertise.

For the business world, it provides a single point of contact

It can, and does, create many opportunities. One good example is a long-term and wide-ranging collaboration between the university and the English Electric Valve Company, a GEC subsidiary, 200 miles to the south-east, in Chelmsford. "Teaching, research and consultancy have inter-acted in a fruitful way," says Dr Richard Carter, of the department of engineering.

An important facet of the university's links with industry is its participation in six "teaching company schemes," with company and university expertise coming together to tackle particular technological problems, improve processes or improve management systems.

Companies involved with Lancaster University under this banner include Leyland Trucks, K Shoes, the turbine generator manufacturers Gilbert Gilkes and Gordon, and Renold Research of Manchester, specialists in the technology of industrial drives.

Robotic systems are one of these, and Salford University Business Services, the largest university-based company of its kind in the country, has been awarded a contract to set up the National Advanced Robotics Research Centre. This aims to be self-financing in three to five years, and should bring new technology and employment to the North-West.

The centre will undertake collaborative research in such fields as artificial intelligence, sensors, navigation systems and manipulators. The main participants will be British companies and government research establishments.

"The ultimate aim of the centre," says Sir Geoffrey Pattie, who authorised the DTI's advanced robotics initiative when he was Minister for Information Technology, "is to consolidate Britain's position in advanced robotics and its component technologies."

Significantly, Salford, having been one of the universities most threatened by Government funding cuts at the start of the decade, now earns 12 per cent of its income by working for British industry and by marketing its specialist courses - a far higher percentage than any of Britain's 42 other universities.

Against a background of technology, children play outside Jodrell Bank, Cheshire





Mersey basin

# Pungent sign of the North-South divide

CIVIL SERVANTS are normally a retiring breed, pursuing their career paths with studied discretion. In a superficial sense, Mr Peter Walton fits the bill admirably. But behind the pleasantries there are important differences. What he says is on the record, and is delivered with measured conviction.

Mr Walton heads a small unit at the DoE's regional headquarters in Manchester administering the Mersey Basin Campaign, whose aim is to spur the revival of Britain's second most populous region.

For a start, Mr Walton is able to recommend large amounts of money from a huge public purse not limited by Westminster and Whitehall. The Mersey Campaign plans to spend up to £4bn in reclaiming and reviving the River Mersey, its tributaries and hinterland over the next 25 years, and can do so because it has a major commitment from the European Regional Development Fund.

Then Mr Walton operates with a high-profile independent campaign chairman in Mr John Tavare, the industrialist and former CBI NW chairman. They lead a mission which, they know, must be shared enthusiastically by voluntary groups, industry, local authorities, public bodies, government departments and Brussels.

The organisational structure, vital to effective administration of such a large undertaking over so long a period of time, centres around a co-ordinating committee chaired by Mr Tavare. With him sit the North West Water Authority chairman, the local authority politicians who represent project groups in the Mersey basin, the voluntary sector network chairman, a European Commission representative,and Mr Frank Kendall, the DoE's regional director who has under-secretary status.

It is a committee with real clout, backed by a standing Mersey Basin Conference which meets from time to time to review progress and spark ideas. The DoE unit is in the unusual, though not unique, position of acting as an agency for the Commission.

Central to the action is a vision of what has to be remedied along the Mersey if the North West is to move into the 21st century on terms with other important regions. "We had the Industrial Revolution," says Mr Walton. "Now we need the Environmental Revolution."

It is hard to exaggerate the problems. The 1,000 or so miles of river which make up the Mersey catchment encompass a proportion of good-grade water, as nature made it. But not much. After passing the towns of Lancashire, North Derbyshire, Cheshire and Greater Manchester the Mersey tributaries are desperately polluted. Warrington, Widnes, Runcorn and Ellesmere Port all add their dues before Liverpool and Birkenhead top off the deadly brew.

To complicate matters, the Mersey is umbilically linked with the Manchester Ship Canal, whose main contribution to the region these days is as a lowly flood drain rather than an international shipping channel.

Beyond town and city centre, the river banks display a motley jumble of industrial archeology in various states of decay linked by areas of total dereliction as well as surviving industry, arable farmland, suburbia, motorway and attractive upland.

Perhaps the most surprising feature of Mersey pollution is that the bulk of it comes from good, old-fashioned sewage outfall and not industrial discharges. In other words, the 5m inhabitants of the area still have to live with largely Victorian ideas of sewage disposal. Compare that with London and you have a pungent example of the North-South divide.

To this end the first grant allocations approved by Brussels under Phase 1 from last November were dominated by sewerage projects. These form £52m out of a total £66m, and go as a 50 per cent contribution to works undertaken by the North West Water Authority. They include massive sewerage infrastructure in Liverpool, where raw sewage has been discharging into the estuary for 200 years.

NWWA is an obvious and essential partner in the mission. Its 50 per cent comes, eventually, from the region's ratepayers - an act of self-help. Whatever happens with water authority privatisation, the momentum to improve water quality must be maintained. And the aim is to bring the worst parts of the basin up to Class 2 category capable of supporting coarse fish.

The sewerage projects will bring discernable improvements in the next few years. One problem the campaign faces, however, is that public expectations are already being raised. Instead of expecting the worst - reflected in the common belief that one mouthful of Mersey water would kill you in half an hour - people are beginning to look towards water for pleasure and leisure.

This follows major projects like Liverpool's Albert Dock and Salford Quays which are setting high standards and attracting mixed investment. The fact that their development preceded the Mersey Campaign should become a real bonus, because the waymarks are in place.

Other successful projects include the National Chemical Museum at Spike Island, Widnes, the Mark Addy pub on the River Irwell in Salford just across from Manchester's city centre, Wigan Pier and the National Waterways Museum at Ellesmere Port.

Of course, the narrow-boat canals are separate from the Mersey system, though their histories run in parallel. It seems likely that the next round of ERDF funding, Phase 2, under discussion with the European Commission at present, will accept bids involving Leeds and Liverpool, Bridgewater and other canal projects.

Moreover, the remit will probably extend beyond the watercourses to environmental initiatives throughout the Mersey basin. This allows it to link with land reclamation and urban programme schemes, reinforcing central government involvement through grant aid and that of local authorities, who anyway act as project agents.

There is a technical problem in the ruling that ERDF funds may only go to assisted areas, which excludes important parts of the basin. Here again, Mr Walton and his team hope to agree flexibility so that the sometimes arbitary boundaries, based on dated unemployment figures, don't cut a project in half.

Phase 2 of the campaign, looking forward to the end of 1990, could provide a further £140m in European grant aid. It is hoped to start significant funding of projects on the upper stretches of the Manchester Ship Canal, seen as a key to the campaign's eventual success.

It was the Manchester Ship Canal Company's declared intention to close the upper canal to commercial traffic which concentrated minds in the first place. The company changed hands earlier this year, and negotiations are well under way. "My impression is that everyone wants them to succeed," says Mr Walton.

An unanswered question is whether water-based development can unlock major urban regeneration forces as in Baltimore, for example. Trafford Park UDC has an important ship canal frontage facing Salford Quays and the UDC's chairman, Mr Peter Hadfield, recognises its potential. Do the banks and institutions have the same foresight? Salford Quays, with its multi-screen cinemas, luxury hotel, housing and mixed commercial development is an encouraging pointer.

The Mersey Campaign team realises that while the stakes are high it is often the detail which counts. Just as important as the visits from China or East Germany are the local schools who have put projects, and the campaign itself for that matter, on their curriculum. Attitudes and expectations are changing. "Wherever you look at the moment," says Mr Walton, "the Mersey system tends to be undervalued. The Manchester Ship Canal was the product of a magnificent vision, bringing world trade to the heart of an inland conurbation. We seek the same vision today to capitalise on the Mersey's historic assets, but this time we just have to get the overall environment right."

**Robert Waterhouse**

Manchester Business School

# Meeting the needs of industry

MANCHESTER BUSINESS School, one of two set up in 1965 as the result of a report by Lord Franks prepared at the request of government and such bodies as the Federation of British Industries (now the CBI) and the National Development Development Office, provides services to the great majority of the North-West's top 200 companies.

In addition, its Small Business Development Unit has helped the start-up of more than 300 businesses, generating many new jobs.

The school's part-time Master's Programme is designed to bring the benefits of the full-time Master of Business Administration Programme to managers who cannot give up full-time employment. It arose in part from a demand not only from potential participants but from companies which wanted their high fliers to undertake a Master's Programme without losing continuity in their careers.

The school's range of open and specially-tailored management development courses has attracted clients as varied as Kellogg's, Turner and Newall, Marks and Spencer, Littlewoods and British Nuclear Fuels.

The Small Business Unit organises a range of programmes to help not only new entrepreneurs but small and medium-sized companies which have been trading for a few years and now need to "professionalise" to grow further.

The courses aim to give what the director, Dr Peter Chisnall, describes as "pragmatic" training and advice, much of it from leading professionals in such fields as banking, insurance and publicity.

A 10-month New Enterprise Programme, now in its third year, seeks to attract those who would like to start or develop a manufacturing or service business likely to employ up to 10 people within two years.

The unit's Business Opportunities Programme, lasting 18 weeks, is for "mature, experienced executives not at present employed." They are attached to small "host" companies to help out and get a chance to exercise their management skills while looking for career employment.

Among the services the school provides for industry and commerce is its Business Information Service for the many companies which need up-to-date market and competitor information. The services offered include industrial market information, company reports and accounts, access to government statistics and the monitoring and analysis of companies and sectors.

The school's library, on which the information service is based, has 30,000 books, 800 current journals in management, business, financing and accountancy, annual reports of all publicly-quoted British companies and many abroad, Extel's statistical services, McCarthy's Information Service, press cuttings, stockbrokers' reports and on-line computer databases.

Again responding to demand from the business, commercial and financial worlds, the school has set up a language learning centre, geared particularly for business purposes.

The school's International Banking Centre, which has close links with regional, national and worldwide financial institutions, meets the management development needs of major British and overseas international banks. Last year alone, its courses were attended by 800 senior bankers and financial institution staff.

Significantly, Dr Rab Telfer, the school's director since 1984, came to it with 30 years in industry, including the chairmanship of the petrochemicals division of ICI and of Mather and Platt. By retaining directorships in a number of companies, he maintains close links with industry and commerce - an important ingredient in the school's relevance to the needs of the region's businesses.

**David Loshak**

**Richard Evans** looks at the progress of Nimtech

# Technology network's next step

NIMTECH, the network set up to promote new and improved technology in the North-West, has just taken on its 50th subscriber - an indication of the rapid strides it has made in the last year. Its message - that regeneration can be aided significantly by the easier transfer of technology- is getting across.

The next big step forward could be the appointment of Nimtech as the Regional Technology Centre for the North-West under the recent initiative of the Department of Education and the Department of Trade and Industry. At present Nimtech is managing agent for the North-West RTC and receives a grant of £100,000 this year and £50,000 next year.

Full recognition would mean a substantial increase in pump-priming funds. It would also strengthen the links between industry and the eight universities and polytechnics in the North-West in the field of training and technology transfer. The idea for Nimtech - short for new and improved technology - came initially from Pilkington Brothers, the St Helens-based glassmaker, and the company remains a driving force.

There are two basic ideas behind Nimtech. The first is to prevent unused or under-used technology gathering dust in large companies, when it could be "spun off" profitably to small companies with lower overheads.

The second is to identify small businesses developing new technologies, which would benefit from the input of venture capital by larger companies. The contact could lead in some cases to closer links or possible acquisition.

In addition, Nimtech could also spot small companies with the right sort of skills to which large corporations could contract out some of their research and development, to the benefit of both.

The initiative, launched over two years ago but developed strongly within the last year, is supported by most higher educational establishments in the North-West and by some local authorities.

Funding, apart from the RTC allocation and secondment of staff, is by the 50 member companies, which subscribe 0.03 per cent of turnover between limits of £300 and £3,000. All organisations subscribing £3,000 a year are eligible to a seat on Nimtech's council.

Apart from Pilkingtons, which provided Dr Reg Adams on secondment to do much of the initial research, and Mr Robin McEwen King, the recently appointed chief executive, founder companies included British Aerospace, BICC, British Nuclear Fuels, British Telecom, Ferranti, ICI, Rolls-Royce Motors, the UK Atomic Energy Authority and Unilever. Nimtech's first chairman is Mr Con Allday, who retired last year as chairman of BNFL, where he gained a wide range of contacts in politics and throughout industry.

The matching of technical requirements is made possible through the technology network being developed by Nimtech. This needs to be displayed on a computer database and through a directory, so that appropriate contacts can be arranged. The network is supported by a programme of meetings and events highlighting the advantages of introducing new technology and advising on its application.

Perhaps most important of all is the service provided through the technology network by Nimtech's field officers. These are seen as "bobbies on the beat" who know their patch thoroughly and provide the personal service and know-how so essential to the successful transfer of technology.

Nimtech now believes that at least six field officers are required. The first three, already appointed, are Mr Brian Longworth, who has had extensive experience in the aerospace industry; Mr Jeremy Rycroft, on secondment from BNFL; and Mr Dick Badami, from Turner and Newall.

The field officers are being assigned to specific organisations and subject areas to identify new technological opportunities. This sort of technical secondment is new in British industry. Although the principle of secondment is now well-established, it has tended to involve general managers or accountancy staff helping small businesses through enterprise agencies.

Dr Adams says: "What was wanted was to make people aware of the technology skills available in the North-West and to try to get this expertise used. We now have a technological network that is a pump for the regeneration of the region."

"Our main objective is to promote the adoption of new technology by industry in the North-West. It is technology that will improve competitiveness, increase investment and create new market opportunities," says Dr Adams.

Science parks

# Beacons of new confidence

Birchwood Boulevard, Warrington-Runcorn

IT IS perhaps fitting that Manchester University, the first and today the largest of Britain's great civic universities, with a long tradition of collaborating with companies of every size around the country, should currently be bidding for the new £5m national Centre for the Exploitation of Science and Technology (CEST), to be located at Manchester Science Park.

The science and technology parks of the North-West represent an encouraging late 20th century revival of advanced and, hardly less important, environmentally attractive developments in an area so long characterised by 19th century obsolescence and post-war dereliction.

The Manchester Science Park, associated with the largest academic campus in western Europe, represents a joint venture between Manchester University, the city and several industrial concerns- Ciba Geigy, Ferranti, Fothergill and Harvey and Granada TV. Many other major companies, among them Shell, Unilever, ICI, ICL, Pilkingtons and British Aerospace, are involved.

The park offers accommodation for technology-based companies which seek to initiate or expand liaison with nearby academia, and enjoys technological support from no fewer than five major academic institutions.

It can provide incoming companies with help from these to locate expertise and facilities. There are rented units suitable for workshops, offices or laboratories, or companies may lease plots and obtain local authority mortgage guarantees for new buildings on them.

They also have access to financial, legal and marketing advice, grants to assist startups or relocation of small companies, grants from Manchester City Council covering up to half the costs of internal fittings, and business funding for new commercial and technological projects.

One of the most notable facilities at the Park is Vuman Ltd, established by the university in 1981 to assist new technology businesses with possible expanding commercial potential in the next century. Several of Vuman's specialist businesses are on the frontiers of science. They include Epsitron modelling of biological and other molecules, drug evaluation using advanced pharmacokinetic techniques, lasers, the Vuwriter scientific and language word processing and graphics software, and the Delta system for teaching English as a foreign language.

Vuman is particularly concerned with managing the development and exploitation of technology arising from academic research with commercial relevance in health care, biotechnology, medical equipment, computing and engineering.

Birchwood Science Park and its sister Birchwood Boulevard are at Warrington-Runcorn, midway between Manchester and Liverpool, which claims, surprisingly but not implausibly, to be the country's most central location, being equidistant from Southampton and Clydeside, Newcastle and Bristol.

More than 50 per cent of British industry and 15m consumers are within an hour's drive. Inside a 20 mile radius there are more miles of motorway than around any other development area in Britain. Manchester international airport is nearby, while Runcorn has deep water facilities. Birchwood Science Park, a key component of Warrington-Runcorn development, was one of the first science parks in Britain, conceived and designed to bring science and technology based companies together in an area which offers many scientific support services.

Birchwood Boulevard, close to the science park, is a second stage of this development. As an adjoining article underlines, several of the country's leading universities and polytechnics are close at hand to provide specialist advice and research support.

Warrington-Runcorn has a notably wide and balanced industrial base, including chemicals, paper and board, wire manufacturing, engineering and brewing and many new technologies. They add up to nearly 600 companies in all, of which 75 are North American-owned.

Among those with offices, plant or facilities at the science park and Birchwood Boulevard are companies which handle robotic equipment, electronic medical equipment, computer systems for the travel industry, water treatment, micro devices and window frames. There are architectural and design consultancies, a variety of engineering concerns and, of course, many who deal with aspects of electronics and computers.

Addressing institutional investors and developers earlier this year, the Duke of Westminster said it was important to get away from the idea that the North-West was nothing but Lowry-like chimney stacks. Outside the region, he declared, there was a marked lack of understanding about what the North-West had to offer. He regarded it as the ideal place for companies to grow.

Further west, the 64-acre Wavertree Technology Park was formed in 1982 on the site of a disused railway marshalling yard by local authorities, English Industrial Estates and Plessey as a centre for high technology businesses in Liverpool, with a potential for up to 2,000 high technology jobs and many service and support jobs.

Michael Heseltine, who played a major role in its creation, regards Wavertree as "one of Liverpool's most visible beacons of returning confidence." Its chairman, Sir John Clark, Plessey's chief executive, has spoken of the transformation of a wasteland into a centre of innovation. That view has recently been endorsed by the decision of Barclaycard to join 20 enterprises already at Wavertree by establishing its data processing centre at the Park. This is one of the most important developments for Liverpool in years, and will create at least 600 jobs by 1990.

David Buxton, assistant general manager of Barclays' Central Retail Services Division, said the decision to locate the centre at Wavertree was facilitated by the efficiency of the authorities in answering the many questions that arose, producing an impressive and comprehensive 27 page proposal, including illustrations, in only a week.

Among many aspects which appealed to Barclays was the fact that their site adjoins the distinctive building of Plessey Crypto, a leading communications security organisation, built in only eight months. Barclaycard itself plans to take over its first 46,000 square feet by March, construction having started only a few weeks ago.

The Park's chief executive, Stanton Fuller, points out that it offers companies a range of services and facilities which usually only large organisations can afford, a restaurant and fast food bar, a medical centre and dental surgery, onsite banking and a conference/training suite. "In addition, our companies have the benefit of full security through TV surveillance and warden patrols. They enjoy free doorstep parking. Rents start at £40 a week for a 500 sq.ft. suite - exceptional value." A good example of how the park has fostered success and expansion is provided by Forwessun Test Systems, set up two years ago by three young Plessey engineers and now employing 19 people.

**David Loshak**

## Signs of recovery in some sectors of the office property market

# A revival of confidence

THE REFUGE Assurance building in Manchester has just come back on the market again. The owners think they can get more for it now than the £3m which was on offer last March. This is a symptom of the strength of the office market caused not only by the expansion of the financial services sector but also by the plans for the revival of the area set up by the Phoenix Initiative.

Refuge, in fact, is moving south to Wilmslow. And this points to the existence of at least two office markets in the Manchester area, the centre of office activity for the whole of the region.

The first is the central city market, described by Mr Tom Marshall of W.H. Robinson, chartered surveyors, as "self contained and self-generating. The vast majority of lettings are companies needing bigger premises - they are already in the city. It is like a game of musical chairs."

The second is to the south of Manchester, which has been showing exceptional growth, drawing in non-financial companies like Olivetti and Honeywell. There, growth is based on ease of communications. The airport is right at the heart of the area.

Manchester city planners note that in the very centre there is little opportunity for development and that they have received only a few planning applications. Space is short.

"Our present stance on offices, like shopping, is that we would like to see them in existing centres. We are concerned that, if there are a lot of large developments outside the centre, it would detract from the centre. Refuge is retreating to Wilmslow and that is precisely what we would prefer not to happen," said a planner.

Mr Marshall notes that the city centre market is now nicely balanced with top rents reaching £8.50 a a square foot for brand new buildings. Earlier this year, Richard Ellis, the chartered surveyors, calculated that the rate of rental growth in prime Manchester office rents had been running ahead of growth areas in the south like Reading and Swindon.

In the growing sector south of the city, rents have been moving through £9m a sq ft. To meet the demand, local developers, such as Orbit Developments, have been in the market. Mr Marshall says that such companies do not have to look for long-term funding - they can hold the developments themselves.

While institutions like the Prudential have been investing to some extent, there has been an absence of long-term funding for speculative developments. This, in itself, has prevented a splurge of activity so that, as Richard Ellis noted in its report, there has been a high proportion of pre-letting.

Although the institutions have been holding back, there is, says Mr Marshall, a strong secondary investment market. "When the process started in the centre there were 12 per cent yields. Now you are more talking about 9 per cent with upside potential," he says.

This has been coupled with a change in management patterns as leasing arrangements have become more flexible. Often leases are shorter with break clauses, Mr Marshall comments.

Recently the office market has been breaking out of the centre-south mould, with the emergence of Salford Quays as an attractive area to take accommodation. The development of Salford Quays with the tax concessions of an enterprise zone coincided with the general upturn in demand which had come about through the growth of the economy when the development market on the south side of the city was less vibrant than it is now. By mid-year rents of £7 a square foot were being paid, says Richard Ellis.

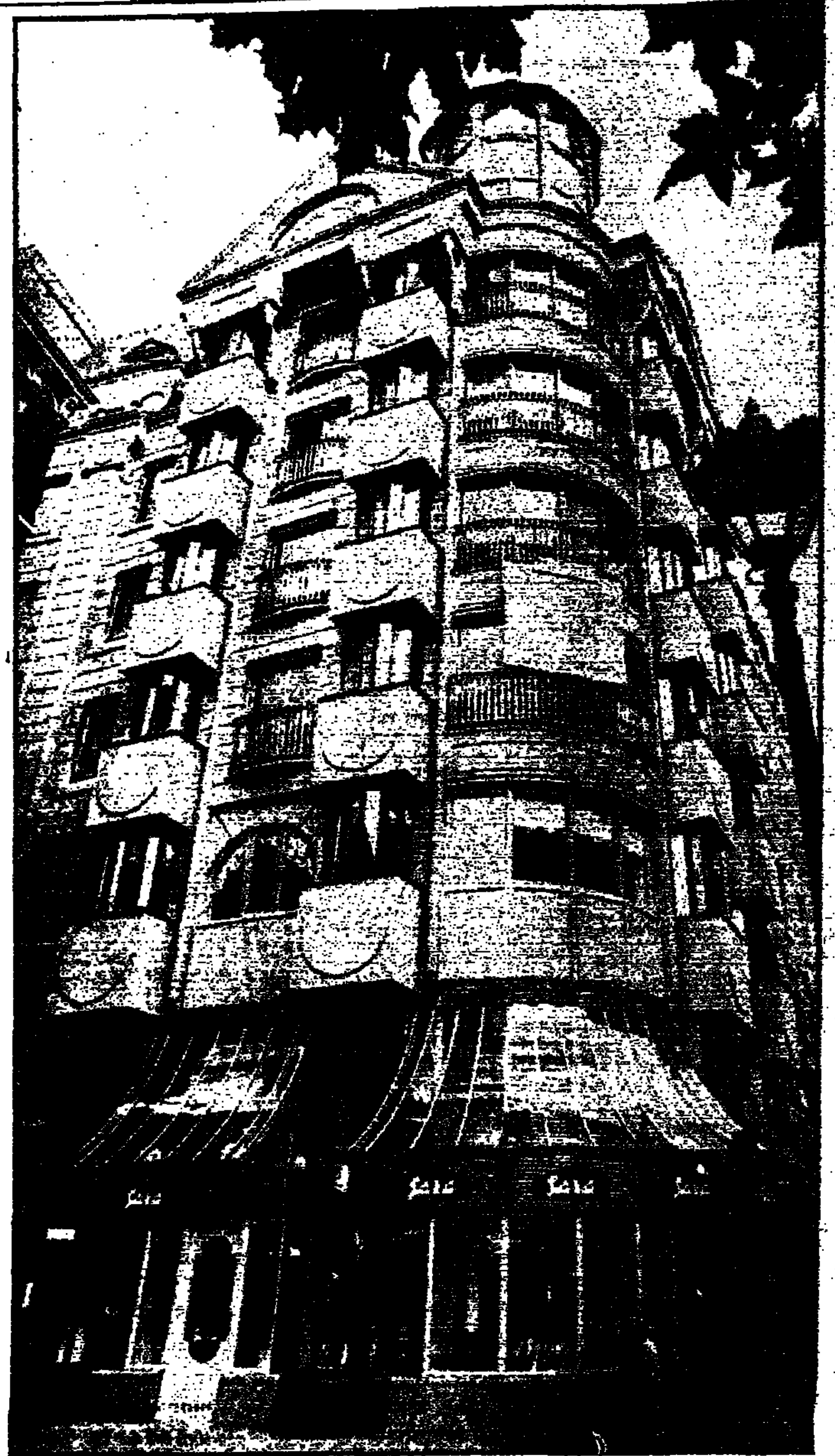
All these developments have pointed to a revival of confidence to the extent that the Cheshire planners are concerned enough about the danger of urban sprawl south of Manchester to try and divert developments into the Runcorn-Warrington area. While this might have some attractions for high tech companies it is doubtful whether it would be so appealing to financially-oriented companies.

Just as it is for industrial property, the Warrington area is the point of contact between the separate markets of Manchester and Liverpool.

In Liverpool the market is showing signs of wakening. After a lengthy period when there were no developments at all, British Land has completed 2 Moorfields and English Estates has finished Mercury Court. The latter has shown that there is a demand for high quality premises where companies can consolidate their staff and lettings are occurring more quickly than expected.

In this there are some parallels with Baltimore, in the US, when it started urban regeneration programmes. Once the first new building had been completed, it unleashed pent-up demand and gave an impetus to further developments.

**Paul Cheeseright**



Example of new office accommodation in St.Ann's Square in the heart of Manchester. In central areas of the city there is only limited scope for further office developments.

## Industrial property market

# Big variations

BOVIS CONSTRUCTION and Intercity Property Group want to build a 300,000 square feet high technology business park at Didsbury, south of Manchester. It is further evidence not only of the spread of business parks in the North West but also of growing private sector interest.

Near Liverpool, the Wavertree Technology Park, started in the first place by Plessey and in which English Estates, the state-owned industrial property company, has played a significant role, has been attracting both tenants and private capital. At the Speke industrial park, Baltic Developments has started a joint development with English Estates.

Without discounting the tax advantages and official support that come to areas like Speke, none of this would be happening without a coalescence of economic growth and a revival of the industrial property market.

It is possible to make too much of this. Development has been drawn into the enterprise zones of the region and is to some extent tax-driven. In the Manchester area, for example, attention is now switching to the Urban Development Corporation area at Trafford.

It is becoming a focal point for development, notes Mr Alan Solomons of W H Robinson, chartered surveyors. "There is land available but it needs assembling. And it needs infrastructure, which the UDC will do," he adds. But he admits that the development side of the property industry has not responded to a growing shortage of space in the market except in areas where there are special concessions.

The developers remain shy because rental levels have not reached the point where developers feel the returns will be adequate.

The greatest strength in the market has come on the freehold side where the demand from owner-occupiers has intensified. Mr Solomons cites cases of recent sales of factory buildings which had been on the market in Wigan and Salford for over a year. This is the economic upturn showing through on the market.

But there are substantial variations within the region, regardless of the particular sector of the market. The Manchester and Merseyside markets tend to meet at Warrington, which has been successful in drawing in new business. Now, though, there are suggestions that the edge has gone off as the best land has been taken and the marketing has lost some of its drive.

While it may be relatively easy to fund developments in, say, south Manchester, there is a serious problem on Merseyside and that, says Mr Rob Bennett, the North West director of English Estates, is "the nosedive of capital values."

"On new building it is difficult to persuade funders that values will be held," he comments and cites Wavertree where, even with blue chip covenants, there was a 50 per cent discounting of capital values before it started. But, he adds, the gap has been closing.

Merseyside may have special problems but the reluctance of private sector developers to enter the market more forcefully is creating problems at a time of diminishing modern space.

"In terms of regional business growth, there has been considerable activity and demand for more accommodation. But the ways to achieve that are limited. They focus on English Estates which can develop property without looking at the full commercial risks," Mr Bennett says.

The performance of English Estates is as good a barometer of the market as any. It has had three good years and reports that the percentage of businesses leaving its premises is falling, showing that more companies are staying in business. The new take-up of space for English Estates was 336,386 sq ft in the year to April 1987. In the five months since then it was 213,138 sq ft.

**Paul Cheeseright**
*Property Correspondent*

## Retail property

# The boom sector

RETAIL PROPERTY is a boom *sector of the North West economy.* The difficulty is that it might be booming too much. Developments are everywhere to the extent that they have become a trial for the planners.

Relatively small ventures in city centres are not a problem and they are going ahead throughout the region - Sibec Developments in Birkenhead and St Helens, Birchwood Properties in Macclesfield, CIN Properties and Northern England Development Associates in Wigan, Ladbroke City and County in Blackpool, Wimpey in central Liverpool, the Conder Group for City Centre Properties in Accrington. The list runs on.

In some cases - Birkenhead and Wigan are notable examples -they are part of the thrust towards urban renewal. Shopping centres are seen as one method of bringing life back to declining or derelict areas.

They are part of the broader plan to revive the disused dock areas of Liverpool. The speciality shopping complex at the rehabilitated Albert Dock has already been developed and is expanding. Now there is another proposal from the Mersey *Docks and Harbour Board.*

On the Princes and Waterloo Docks, Errill Holdings is proposing a mixed development which includes 450,000 square feet of shopping, along with offices, an exhibition hall and a hotel, the whole designed by GMW.

The scheme, which would have a completed value of £300m, is in the hands of the *planning authorities, and apparently* Errill, which has never undertaken a project of this size before, could soon sign the funding arrangements with, among others, National Westminister Bank.

But the immediate future of the scheme may have been made more complicated by the fact that Peel Holdings, after building up a 10 per cent stake *in Mersey Docks, has emerged* as a suitor for the company.

For Colin Thompson of Walfords, the surveyors on the scheme, the new docks scheme would contribute to a turnround in the fortunes of Liverpool. It would be one point of a triangle of City shopping facilities, the others being Albert Dock and the traditional centre.

It is precisely concern about *the future of the established* centres and the wider programmes of urban renewal that have created opposition to the spate of planning applications around central Manchester for about 7m sq ft of new shopping space.

At one stage there were 13 planning applications outstanding for centres ranging from 180,000 sq ft to 1m sq ft. The *numbers have been whittled* down but have still led to the calling of a series of planning enquiries - a plenary session, to consider the general issues involved like the impact on existing shopping facilities and inner city regeneration, and three separate enquiries based on geographical sectors. These three sectors are Stockport, Trafford and Salford, and Rochdale and Bury.

The Association of Greater Manchester Authorities tried to coordinate an attitude to the applications. Seven held the line *and have maintained general* opposition in a coordinated stance at the public enquiries. But three - Salford, Trafford and Stockport - were more inclined to let the proposals for centres in their boroughs go ahead.

What happens now depends on the planning inspectors and the ultimate decisions of Mr Nicholas Ridley, the Environment Secretary.

His decision will be examined minutely. It has implications for the authorities in the Greater London area, which also have been trying to work out a coordinated attitude. But it also has implications for the developments which are taking place around the region.

Although there is a hierarchy of shopping facilities, spanning down from the major regional centres through the district centres to local parades and corner shops, the developed motorway network of the North West means that the effect of a splurge of shopping facilities in Manchester could have repercussions in cities like Liverpool.

*In this context it is worth asking how, say, the Liverpool city* centre or the Errill plan on the docks would stand up in competition with new facilities in, for example, Barton Dock, Manchester, where the Manchester Ship Canal Company has a proposal?

**Paul Cheeseright**

The new Trafford Park UDC has the ingredients for success

# Site assembly the priority

TRAFFORD PARK has some of the ingredients which, with good management, could make this the most successful urban development corporation after London Docklands.

External communications are good. The area is bounded by motorways, with access to Manchester airport. But within the Corporation's designated area, the primary roads are poor. The plan is to have a landscaped dual carriageway crossing the Manchester Ship Canal which will link up with the motorways and provide improved access to the centre of Manchester.

The area itself is far from desolate. Trafford Park was once a model industrial estate where 70,000 people were employed. Today, it still provides work for 20,000 people, many of them in plants run by companies such as Kellogg's, Proctor & Gamble, and Ciba-Geigy. Investment in these plants is continuing, so that there is a core of big company interest which is keen to see the area prosper again. New, good-looking premises have also been put up in small numbers.

But there are big problems, which were beyond the resources of the local councils to deal with them. That is why the Government set up the Corporation.

In 1985, a consultant's study was commissioned by Trafford Council, major manufacturers in the area, the Departments of the Environment, and Trade and Industry. It highlighted the problems as divided land ownership - making assembly of a substantial site much harder than in a green field location - and an unattractive image arising from unmodernised highways, dereliction and obsolete buildings.

The study recommended an urban development corporation to work with the council in co-ordinating public and private investment. It also called for improved roads, infrastructure, reclamation, site assembly and development incentives, and for the area's development status to be upgraded from intermediate area to assisted area so that companies moving into and expanding would be eligible for regional development grants.

Trafford and Salford councils want to work with the Corporation, although its format and direct responsibility to Whitehall was not their choice. Manchester council views it as a body which will do little or nothing to alleviate the main problems of the city and the more deprived of its inhabitants.

Despite this local unhappiness, Mr Mike Shields, chief executive of the Corporation, and former top official of Trafford council, is confident that his team can make the required impact with the outline budget of £160m spread over five to six years. This, it is hoped, will attract private investment of at least four times that amount, but over a longer period.

Two sites were identified in the study for early action: Trafford Wharfside, next to the Manchester Ship Canal and opposite the developing Salford Quays projects, to provide high quality commercial and light industrial premises; and Trafford Park Village, which would help restore missing amenities and services, like shops, cafes, pubs, offices, hotel, as well as a business centre to give services and support for small firms.

The Corporation's board, chaired by Mr Peter Hadfield, has already expressed its preference for industrial rather than large-scale retailing and housing developments. It is felt that this would provide the best chance of fulfilling the 16,000 net new jobs target. Before the Corporation was set up, however, application had been made to build a huge shopping complex on the only greenfield site in the area. It is currently the subject of an inquiry, along with other out-of-town shopping centre plans.

The assembly of sites are an essential pre-requisite to fulfilling the plans for Trafford Park. Unlike in nearby Salford, where the council had bought the land around the docks, land ownership is fragmented. Land acquisition by compulsory purchase can be painfully slow. Mr Shield's hope is that site owners - particularly the Manchester Ship Canal Company, Trafford Park Estates and some of the big manufactuing companies - will co-operate with the Corporation in agreed developments.

But urban development corporations can no longer afford to be concerned just about improving the environment. They are an increasingly high profile instrument of the Government's inner cities policy. Ministers are aware that special efforts need to be made in inner city areas to train and encourage local people for jobs that might be provided, with government pump-priming, in urban development corporations.

Trafford Park is adjacent to areas of very high unemployment - in Salford, the Hulme and Moss Side districts of Manchester. Its success will be measured locally at least in terms of meeting its target of providing jobs for some of these people.

It is debatable whether improvement of the environment will in itself be enough to attract companies back to Trafford Park. Enterprise zones straddle the Corporation's boundaries, but most space in these areas, where occupants qualify for tax concessions and rates holidays, has already been taken up. Agents have reported brisk activity in recent months.

That is why regional development grants are seen as an important additional enticement for companies to invest in Trafford Park. With these, its proximity to Manchester, and a determination on the part of the small Corporation team to succeed, Trafford Park would be off to a good start.

**Hazel Duffy**

The Phoenix Initiative

# A carrots-for-all approach to urban renewal

THE NORTH WEST has plenty of examples of urban renewal projects, but an enormous amount remains to be done. The Phoenix Initiative set up last year aims to bring together some of the parties interested in renewing the inner cities in order to make a concerted bid for the government and private sector funds which might be forthcoming.

Manchester and Salford are the scene in the North West for Phoenix. Other areas can be expected to follow. The present plans range from the ambitious regeneration of the Whitworth Street area in Manchester, to the construction of managed workshops in Salford.

Phoenix is a new organisation whose managers willingly admit that they still have some way to go up the learning curve of the complexities of urban renewal. It is backed by the private sector - supporters include the National Council of Building Material Producers and the Building Societies Association - and works closely with the local authorities. The key to its success will be the degree to which it can gain the confidence of the public and private sectors, acting as both initiator and co-ordinator.

It affirms strongly the lesson from urban renewal experience in the US which can be summed up as "there has to be a carrot". In its explanatory leaflet, this is summarised: "For industry it is the provision of attractive sites for profitable business activity. For local government it is the influx of new jobs, new housing and accompanying revenue. For the building industry and associated financial institutions, it is the availability of unencumbered land, commercial development itself and appreciating land values. For the people living in the area it is the new and exciting prospect taking shape around them."

Most urban renewal projects to date have provided the carrot in one or two of these areas. Very few, if any, have satisfied everybody involved. Experience has shown that, outside London, it has been difficult to come up with proposals other than retail developments which offer the private sector the sort of return that make it worth their while.

**There are ambitious plans for engineering the waterways so as to develop a premier leisure area.**

Phoenix hopes to change this. Salford - sometimes disparagingly referred to as Manchester's back yard - is an interesting city in which to start. The council prides itself on being pragmatic - if it's good for Salford, the council will give all the backing within its power. This attitude has helped to launch the regeneration of the Salford Docks, now re-christened Salford Quays, on land bought by the council in a transaction which demonstrated that attitude.

Housing, a new hotel, high-tech offices, have already taken shape on the quays, and New factories have been built on the industrial estate in Salford.

Housing, however, remains a prime area where upgrading, refurbishment, and sometimes demolition, are needed. There is also a need for small workshops.

Phoenix started in Salford in June, appropriately in a small office on the quays called Waterfront 2000. The two-man team of Mr Geoffrey Wilson, chairman, and Mr John Morgan, manager, have revived a scheme which has been languishing for several years - refurbishing nine tower blocks on the Kersal estate, demolishing three "deck access" blocks, and providing much-needed housing for students from the University and Polytechnic. The plan is to convert a virtual "no-go" estate into one where local people, as well as students, will actually want to live.

Phoenix does not pretend it can do it all itself. Expertise has been commissioned from PROBE (run by the Halifax and Nationwide building societies, and Lovell Construction), who would provide the necessary finance. Government grants would be needed. If they are agreed, Phoenix would appoint developers and contractors.

The Phoenix office in Manchester is waiting anxiously to hear whether the Department of the Environment will agree to extend Urban Regeneration Grant to the Whitworth Street scheme. Applications for URG, a new grant, have to be made by the private sector - Phoenix, backed by banks, insurance companies, and industry, conveniently fulfils this requirement.

Mr Raymond Gerrard, chairman, focuses attention on what he calls the key to the whole project of the renewal of the strip of land, 34 acres in all, which runs alongside a canal to the south west of the city. To be known as Granby Village, it comprises plans for flats, offices and retail, and follows on the successful conversion of a warehouse in the area into flats for the private market.

Wimpey Homes would be the lead developer. The scheme has the qualified approval of Manchester City council which is essential if it is to go ahead. The council has some reservations about the relatively high prices at which the homes are tentatively going to sell, but the will on both sides is such that it is likely to be resolved.

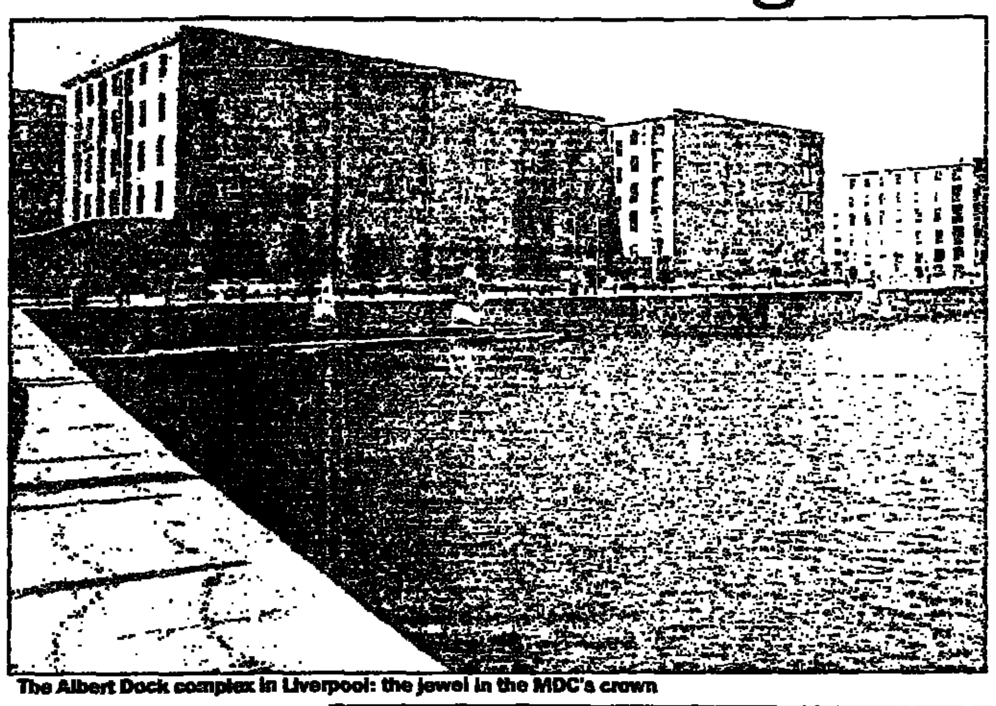
Government grant for the project is an essential pre-requisite. The need is to convince the DoE that a gearing ratio of private to public investment of less than the desired 3.5/4:1 is necessary for this first project. The council, and Phoenix, are confident that private investment on a more desirable gearing ratio would follow for the rest of the development. This includes a concert hall, hotel, offices, and housing.

Phoenix has other ideas for Manchester, a city where lots is happening in renewal and development. But this is seen as the test case to prove that this fledgling enterprise can pull off a scheme which would do credit to the best of Baltimore, Pittsburgh, and the other American cities which have shown the way.

**Hazel Duffy**

The Merseyside Development Corporation

# A land sales breakthrough



The Albert Dock complex in Liverpool: the jewel in the MDC's crown

THE NEW Brunswick Business Park looks out proudly over the Mersey as a mark of the Merseyside Development Corporation's efforts to bring business to this once derelict area.

So far, 400,000 sq ft of old warehouses and sheds in the Toxteth/Harrington area have been refurbished to a high standard to provide small and medium sized workshops and offices. Most is already let. Another 350,000 sq ft is scheduled to come on stream. Dr John Ritchie, chief executive of the Corporation, hopes that within three years, it will be fully let.

Rents are low at around £1.20 a sq ft, although rent reviews will come up fairly quickly. Tenants have access to the Business Development Team of experts who can help on financial matters relating to small firms and development, and the availability of grants. They can also use the enterprise and training programme run by METEL.

METEL is providing support for nearly 6,000 young people and adults a year, and is one of the major success stories of the Corporation's bid to bring jobs to the area. Run as a private company, it receives £300,000 a year in funding from the Corporation. Its total budget is £2.4m.

"If you want really to have an impact on a city, you have got to offer residents access to skills training", says Dr Ritchie. Its job is not only to encourage, but also to dissuade people from setting up in business who have no chance of succeeding. That way, the success rate of those who do start up is very much higher. And of those who do not, many find the training provides the entry to jobs with an employer.

The Corporation on Merseyside has been very much slower to take off than its counterpart in London Docklands, set up at the same time. Comparisons in many respects are unfair. About half of the £140m that the Corporation has received from the Government has been spent simply on making the land "developable" - the silting problem, for instance, was almost unique in Britain.

As chunks of land were prepared for development, the Corporation waited to see what the private sector wanted to do with it - leisure, homes, workshops? The Corporation's critics might say that a more aggressive approach to the private sector was needed.

The way that the area is taking shape shows that there was scope for all three types of development, but not for the advanced technology investment projects that had once been vaguely anticipated.

The restoration of the Albert Dock is proceeding, turning it into one of the most attractive developments in the country. When residential flats are released, they are expected to fetch prices of around £70,000.

Even here, however, the private sector has not wanted to leap in without substantial financial help from the Government. Plans for the leisure complex, including an ice rink, multi-screen cinema, and discotheques, are still waiting on the agreement of Whitehall. Around 10 projects costing in the region of £80-£85m in total are currently being evaluated.

In the meantime, progress continues on several fronts. In June, the Coburg-Brunswick yacht haven with berths for 450 vessels was opened. External refurbishment of Wapping Warehouse has been completed, and Barratt's will be going in to refurbish and fit out 114 apartments which will be sold by phased release. The go-ahead for a retail park to be developed by Peel Investments in the Herculaneum dock, once scheduled for industrial land, is awaited, in the face of opposition from established shopping developments and the city council.

The breakthrough from the Corporation's point of view is that it is now finding it can sell land at a premium, enabling it to plan expansion through internal funding.

The next area for attention is the Wirral. The Corporation, after years of negotiation, is in sight of signing agreements with the Mersey Docks and Harbour Company for the purchase of the 114 acres which is the key to re-development.

The plan is for reclamation, costed at around £13m-£15m, and new road across the docklands which will link it up to Chester, Birkenhead and Wallasey, and then with the South

The third tranche of land within the Corporation's remit is in Bootle, where land acquisitions and disposals necessary to free up some of the area for clearance, development and improved access has been extremely time-consuming. Ironically, after years of seeking permission to change the usage in one part of the site, the increase in demand for port facilities on the Mersey could mean that it would be needed as a port again.

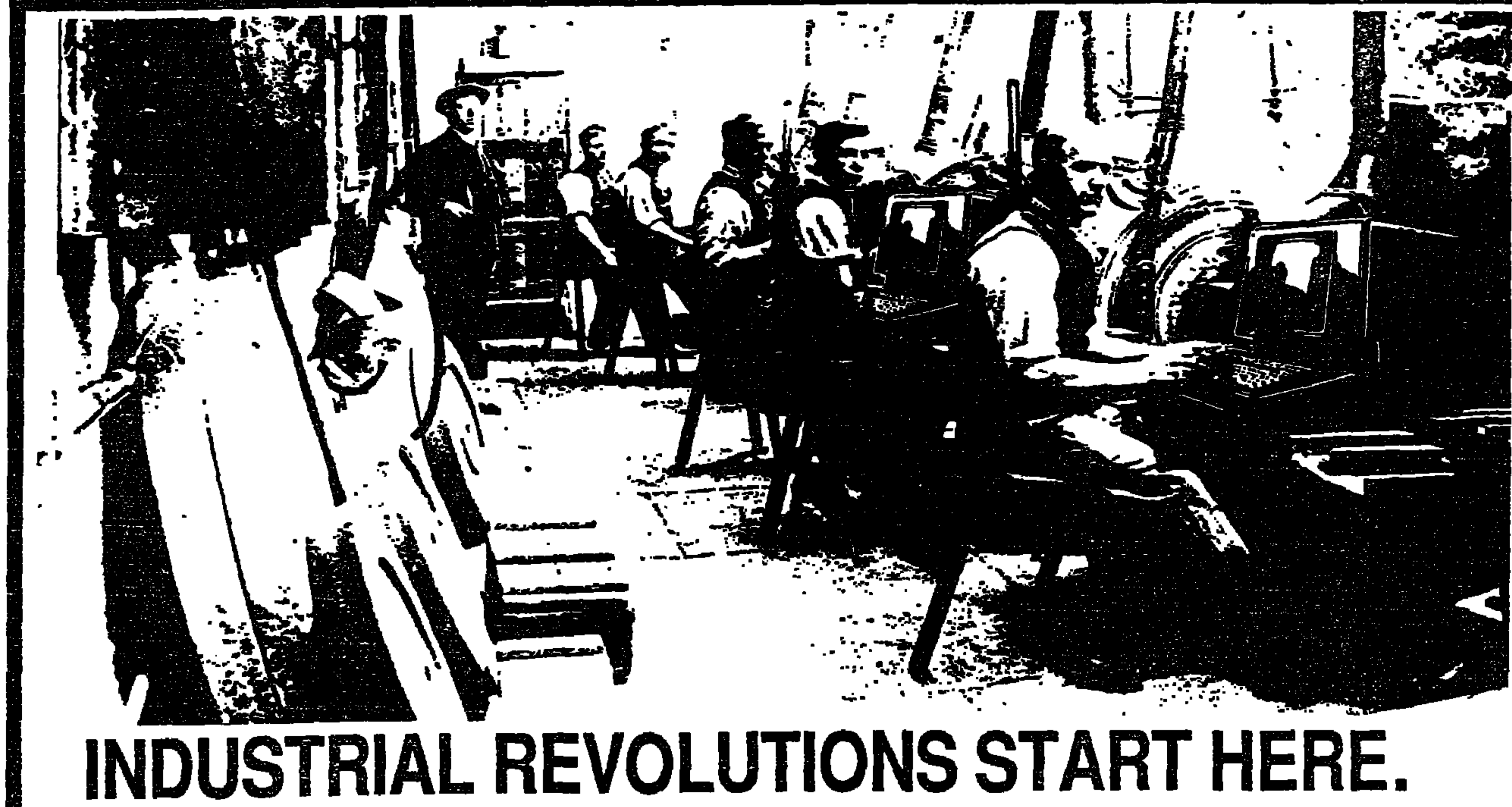
Expenditure by the Corporation runs now at around £28m a year, well below its peak years. It could fall further as funds are generated from existing activities, although it is no secret that the Corporation would like its boundaries extended and thereby to expand its remit.

Dr Ritchie believes there is still much to be done in the way of renewal on Merseyside, and that the Corporation could do it. But he puts the contribution of urban development corporations into perspective. "They cannot get to the nub of human problems. Take jobs. Industry could not conceivably be expected to come back on the scale of the past, so we had had to come up with alternative uses for that land.

We can demonstrate massive physical change, and we have ensured that the vast majority of the work that we commission goes to Merseyside contractors. But the mechanism to re-direct industry into this area does not exist. Urban development corporations were not set up to solve this problem."

**Hazel Duffy**





The region's airports

# Manchester in the top 30

Mr Gil Thompson, chief executive, Manchester Airport

AIR TRANSPORT in the North-West is dominated by Manchester Airport, the third largest airport in the UK in terms of passengers handled, after Heathrow and Gatwick.

But other airports which also play a significant, if smaller, role include Liverpool and Blackpool.

Manchester reached an all-time high of over 1.13m passengers during August this year, the third month in succession when its throughput exceeded 1m passengers a month.

This brought the total number of passengers handled for the first eight months of this year to nearly 5.82m, 14 per cent more than in the corresponding period of 1986, while the total for the 12 months to end-August was close to 8.34m.

Mr Gil Thompson, chief executive, says that the airport is now on target to handle "easily in excess of 8.5m passengers for 1987, roughly 1m up on last year." At the same time, freight and mail carried since the beginning of the year are up by a massive 69 per cent.

Manchester Airport is now Europe's fastest-growing major airport - the average annual growth rate over the past 10 years has been 8.1 per cent, compared with 5.5 per cent in Paris, 3.8 per cent in Zurich, and 4.3 per cent in Milan. Trading profit during 1986-87 was £20.4m on a £72.8m turnover.

The airport now handles over 50 airlines, flying to more than 130 destinations, and is ranked as one of the world's top 30 airports. Over the past year, more international airlines have moved into the airport and new services have included those to Singapore, Chicago, Toronto, Delhi, Bombay and many European destinations.

But although the majority of its traffic is international, Manchester still relies for much of that traffic on international charter operations, and is vigorously seeking more international scheduled services both for near-European and long-haul destinations.

One major US operator interested in serving Manchester is Northwest, which intends to start scheduled services to Boston early next summer, with a daily passenger and freight service using DC-10 jets. Four days a week the service will be non-stop, and three times a week via Prestwick, Scotland.

Also, American Airlines has applied to fly daily between Manchester and New York. Alitalia, the Italian airline, plans to introduce direct scheduled services between Manchester and Milan from next March.

Manchester Airport is now a public limited company, set up earlier this year under the Government's Airports Act of 1986, requiring all local authority airports with a turnover of more than £1m a year to become commercial companies primarily owned by local authorities but with provision for injections of private capital, to encourage additional investment in future expansion.

Manchester's own ambitious expansion plans for the future may well require such injections of external capital.

Past expansion has included lengthening the single runway to cater for the bigger, heavier, long-range jetliners, in addition to extensive modernisation and expansion of existing terminal buildings and other facilities, including a new £10m cargo centre.

As part of the future expansion, the board of Manchester Airport has now given the go-ahead for a £27m separate terminal for domestic passengers. This development, linked to the existing passenger terminal, will have its own access roads, separate multi-storey car park, check-in desks, shops, restaurant and lounge facilities.

The existing domestic pier, built in 1962, is to be demolished, and 11 new aircraft gates, including three stands for wide-bodied aircraft equipped with air-bridges, are to be constructed.

The new domestic terminal, on which work is starting immediately with completion planned within two years, will increase the capacity of the airport by 2.5m to about 12m passengers a year, a figure which on current growth rates seems likely to be reached by 1992.

Currently, more than 1m domestic passengers use the airport every year, and providing separate facilities for them will release the existing terminal for the exclusive use of international travellers.

Beyond that development, the airport's board has plans for a major second terminal, the first phase of which is due for completion in the early 1990s at a cost of about £100m.

Mr Bob Howarth, chairman of Manchester Airport plc, says that the new domestic terminal "will give us the breathing space we need until we complete Terminal Two in the early 1990s. T-2 will be a phased development. We are looking at this as a matter of urgency, and we expect to make a decision later this year."

Other plans for the future include a rail link from Central Manchester by British Rail. This is expected to be in operation no later than 1991.

But Manchester is not the exclusive airport for the North-West. Although overshadowed by its bigger next-door neighbour, Liverpool is growing, both in domestic and international operations, according to figures for the first six months of this year.

A total of 186,339 passengers used the airport during that period, an increase of 51.9 per cent on the same period of 1986. Aircraft movements, at 34,281, showed a 12.7 per cent rise.

Mr Rod Rufus, the airport's director, says these figures show a growing preference by Merseysiders to use their home airport, rather than go elsewhere. "Our holiday flights in particular have proved extremely popular this year, and I have every confidence that tour operators will respond to the demand by offering more destinations next summer."

However, Mr Paul Channon, Secretary for Transport, takes a different view. During a visit to the airport last month he argued that Liverpool's productivity, measured by the number of terminal passengers per employee, was below the average achieved by other local authority airports. There was "great scope for improved performance," he claimed.

Discussions between the Merseyside Passenger Transport Authority (PTA), which runs the airport, and the Transport Department have focused in recent weeks on widening ownership of the airport to include other local authorities in the area, under the Government's plans for municipally owned airports with turnover exceeding £1m a year to become commercial companies.

The Merseyside PTA's scheme provided for it to be the sole owner. But the Transport Secretary has proposed modifications which would eventually ensure that the five local district councils of Knowsley, Liverpool, Sefton, St Helens and Wirral would be the joint owners.

**Michael Donne**



Why Ferranti is planning to merge with ISC

# The Pentagon factor

IF ITS planned merger with International Signal and Control (ISC) goes ahead, Ferranti, the multinational electronics company with its headquarters at Gatley in south Manchester, will undergo the biggest single-stage change in its 105 year history.

In one step, the combined company, to be headed up by Sir Derek Alun-Jones of Ferranti, would have (on 1986-87 figures) turnover of nearly £1bn, an order book of £1.5bn, a work force of 26,000 and a pre-tax profit of some £85m. It should set to rest Ferranti's worry about being a prime takeover victim itself in a re-aligned UK electronics industry, and put it in the same league as the GECs, the Plesseys and the British Aerospaces.

ISC, however, is a heavily veiled bride, with outsiders none too sure of the real corporate face beneath. It is a largely US company, but listed only on the London Stock Exchange in order to avoid the disclosure required of US listed companies by the US Securities and Exchange Commission (SEC).

It is paradoxically very overt that the reason for its London listing is its need for secrecy concerning some of its defence business and Third World clientele. But, according to Sir Derek, Ferranti has done business for eight years with, and at one time had a stake in, ISC, and the merger talks, spread over a year, were hardly a rushed affair.

So, on the assumption that Ferranti will not stumble later on any skeletons in the ISC cupboard, the logic of the merger has been widely applauded because of the complementary nature of the two companies. This, in turn, makes far less likely that there will be painful rationalisation and job losses in Ferranti as might have followed a link-up with a more identical company.

This issue is of natural concern to the North West of England where Ferranti's operations currently account for nearly half the company's turnover (£628m in 1986-87).

The complementarity is two-fold. First, in product line, Ferranti has always been product-driven, stressing development of new products and the marketing of them. However recently, Sir Derek says, the company has begun to hanker over getting into the business of putting total systems together. This is precisely ISC's apparent strength. It makes little that is well known, except perhaps the Rockeye cluster bomb.

In fact, the fit, particularly in defence, is even closer. For instance, Ferranti makes airborne radar, ISC ground and ship-based surveillance radar. Ferranti makes safety and arming devices for munitions of the tactical airborne type in which ISC specialises. Ferranti is into missile control and guidance, while ISC makes rocket propulsion motors. Indeed, it was chiefly the search for a rocket motor capability that led Ferranti to explore the possible purchase of Royal Ordnance earlier this year. In the event, Ferranti decided its interest in only one part of RO did not merit the expensive purchase of the whole - as the government was insisting in its RO privatisation programme - and so RO went to BAe. But with ISC, Sir Derek now says he intends to challenge the dominance of BAe and Short Brothers in missile prime contracts.

**ISC is a heavily-veiled bride with outsiders none too sure of the corporate face beneath**

The other dovetailing is geographic. Ferranti is gaining greater access, via ISC, to the US market, while ISC activities in the UK will get a comparable leg-up via Ferranti. In Europe, there is a particularly neat interplay, with Ferranti displaying market strength in northern Europe and ISC in southern Europe.

Ferranti is diluting its British or European image (which could damage its current bid for the big Eurofighter radar contract) by merging with ISC. Ironically, ISC, owned less than 10 per cent by Americans, probably has fewer American shareholders than Ferranti. At the same time, because ISC is foreign-registered and yet does sensitive Pentagon work it has a special security arrangement.

These arrangements, which involve proxy boards approved by the Pentagon, are often very difficult for foreign companies to obtain. Ferranti now stands to inherit a ready-made security channel through which to funnel bids for US defence contracts.

The merger would also have the benefit of reducing Ferranti's dependence on UK Ministry of Defence custom to around 25-30 per cent of total business. Ferranti has had the rough end of some of the MoD's new tougher competitive procurement practices, last year losing its place as supplier of Royal Navy submarine command and control systems and now having to compete hard to keep its UK frigate command and control business.

For the future, the Eurofighter radar contract, expected to be decided in early 1988, will be crucial to Ferranti (though of most importance to the Edinburgh defence divisions than to the North West). The whole company hopes to gain better access to the US market through Boeing's undertaking to place more than £1bn-worth of contracts with UK industry in return for selling six to eight Awacs radar aircraft to the RAF. Ferranti was one of the most vocal supporters of the Boeing bid against GEC's ill-fated Nimrod project.

The ISC merger would thus seem to leave quite unaffected the rationale that led Ferranti to move to the North West at the turn of this century - the industrial skills in the region. In some areas, Ferranti has been winning key chunks of new MoD business, such as in sonar systems, made by the 1,457 people employed at the computer division's recently expanded Cheadle Heath factory. The Wythenshawe division, employing 1,790 people and sited near Manchester airport, is the company specialist for computer-aided process control, winning for instance in late 1986 its largest ever contract for £12m to supply an energy management system to Belgium's national electric authority.

Other regional activities of Ferranti, which could be meshed into ISC systems, include Ferranti Electronics' Discrete Components Group based at Oldham and the Microwave division at Poynton, and the Instrumentation division headquartered at Moston, north Manchester. The instrument section, employing some 1,400 people, makes a range of equipment for military aircraft and of fuzes for all types of weapons systems.

**David Buchan**

Raymond Snoddy talks to Granada's David Plowright

# A case for regional roots

Dilemma for Deirdre Barlow (Anne Kirkbride) in what David Plowright says is the most famous street in Britain - Coronation Street.

NEXT JULY, Granada Television will open what it hopes will become one of the premier tourist attractions of the North of England.

Granada, the only major independent television production company to have survived intact since the introduction of commercial television in the UK in 1956, is opening its doors and creating a grand tour of the world of television at its Manchester studios.

" People will be able to visit the two most famous streets in Britain - Coronation Street and Baker Street," says Mr David Plowright who became chairman of Granada Television in April after spending most of his working life with the company.

Baker Street is the set of the Granada production of Sherlock Holmes and Coronation Street the home of Britain's long running soap opera and until the arrival of EastEnders from the BBC by far its most popular.

Apart from learning how television programmes are made visitors will also be able to visit the House of Commons during the trip. "We're moving Parliament north," says Mr Plowright with considerable satisfaction.

The "Parliament" involved is the set of First Among Equals, the Jeffrey Archer political novel dramatised last year by Granada.

The company is spending £8m turning its Manchester headquarters into a tourist attraction and expects at least 350,000 visitors in its first year. The scheme excites David Plowright because it will extol the virtues of Granada Television, of which he is most proud, and will help, particularly at weekends, to attract life back into the centre of the Manchester a city he believes is the centre of the known world.

" At the Banff Television Festival we were called the best commercial television station in the world... which we thought was a pretty accurate description," says Mr Plowright with only the trace of a smile.

Granada places enormous emphasis on its regional roots and has established a new regional news centre in Liverpool with all the latest technology and manning levels to match.

" It's Wapping without the barbed wire ,"says the Granada television chairman in a reference to Mr Rupert Murdoch's transfer of his national newspapers to London's Docklands.

The centre was created in partnership with the Merseyside Development Corporation and produces 1¼ hours of news programming a day for regional, national and international use with a staff of 55.

The centre has also helped Granada meet criticisms of its local news output in the Independent Broadcasting Authority's half-term review of ITV contractors.

Mr Plowright will fight hard to keep the regional structure of commercial television in the UK, a structure he fears could be threatened by Government plans to introduce more competition and possibly more channels into the British broadcasting system.

Increasing competition , may mean that the commercial television boundaries have to be redrawn with fewer ITV companies. But it is vital, he believes, for centres of television excellence to survive outside London particularly as the Government is insisting that independent producers gain access to 25 per cent of Britain's four national channels.

"Granada is going to have its guaranteed access to the ITV network reduced by the introduction of independents and I don't fancy shrinking. I want to make more programmes for more markets. Once the new distribution methods were available then I said we were the most experienced commercial broadcasters in Europe. We have the skills to teach people how to make good public service commercial broadcasting," says the man whose first job at Granada was reporting, writing and reading the daily northern news bulletin.

Granada Television,which had pretax profits of £10m on a turnover of £116m in the 28 weeks to April 11, more than a fifth of the Granada Group total, has been planning an expansion into both new technology and international production.

Granada is one of the founder shareholders of British Satellite Broadcasting, the £625m direct broadcasting by satellite project which plans to launch three new national channels of television in the autumn of 1989.

The company is also a keen supporter and shareholder in Super Channel, the European satellite television channel launched at the beginning of this year by 14 of the ITV companies and the Virgin group.

In the US, Granada has recently signed a $7.5m deal to supply 30 hours of drama over the next three years to Mobil's Masterpiece Theatre and about to sign a deal with Home Box office the American cable television channel.

In France, where Granada has a small stake in Canal Plus, the subscription channel, a major co-production deal is planned for a dramatisation of the Dickens novel a Tale of Two Cities to coincide with the bicentenary of the storming of the Bastille.

The British company was also a member of a losing consortia in the battle to get a get a slice of the recently privatised TF-1, the French first channel. The setback has done little to undermine Granada's push into the outside world and there have been talks on collaboration with German producers and discussions in Spain and Portugal where new commercial television channels are planned.

Mr Plowright is particularly keen to establish European co-production in drama to take on the American production machine.

Where he asks do Germans ,Italians, French and English get together in a setting like Hawaii Five O- in Marbella.

" If we couldn't invent three detectives, or as I would prefer it, the owner of a rather smart newspaper, the Marbella Times, and do it with a bit of style and make 22 hours of what sells round the world as well as Hawaii Five O we need our heads examined," say David Plowright.

Despite fears of increasing competition, and pressure on Granada's share of national advertising revenue as money migrates to the South East, the emphasis is still very much on programmes - game shows and Coronation Street as well as Brideshead Revisited and Jewel in the Crown.

What is it that has made a regional British ITV company, small by world standards a little bit special ?

" A concentration of a high standard of programme ambition, an awareness that at the top of the company there is a willingness to build an atmosphere in which creative people can work and feel challenged," says David Plowright ,chairman of Granada television.

Bigger, better and networking: the 1,200 strong BBC

# A buzz of excitment as the Beeb pulls all it together

THOUGH THE RECENT storm that hit the south of England was a tragedy for many people and caused millions of pounds worth of damage, it was also an opportunity for BBC North West in Manchester to show what it could do.

Far from the centre of the hurricane force winds, Mr Peter Weil, editor of the daily Open Air programme and Mr Hugh Williams, the North West's head of broadcasting, realised that BBC television in London would have difficulty coping amid power cuts and blocked roads.

With less than two hours' notice, BBC Manchester took over the BBC network and turned Open Air, a programme which allows viewers to raise points of controversy about television with producers and executives, into the television equivalent of a radio weather helpline.

As well as the scheduled items, the programme enabled viewers to get information and advice from Michael Fish, the Weatherman, and the latest reports from Nicholas Witchell in the London News Room.

The programme was on the air live for more than three hours from 9.20 am to 12.30 on Friday October 16, including a survey of latest conditions from five different regions.

"There has been a fantastic return of confidence in this region. For the first time since this building (BBC Manchester's new headquarters) was built 12 years ago we are a match for Granada," says Mr Williams, a former editor of Nationwide.

Mr Williams presides over a broadcasting organisation in the North West which employs 1,200 people and has an annual budget of £33m. But it is how that budget is now being used that is interesting.

**"There were people in this building who never spoke to each other...now everything has equal weight and status**

Mr Williams was an innovator in several trends now spreading throughout the BBC. He asked for and got permission to integrate local and network radio and television, a process that has been carried out over the past year.

Until recently local radio had little to do with national radio and even less to do with staff working in network television.

"There were people in this building who never spoke to each other," says Mr Williams.

"Now everything coming out of here, local, regional or national has equal editorial weight and status," he adds.

The restructuring, formalised at the centre earlier this year, with the appointment of Mr Geraint Stanley Jones as BBC managing director for regional broadcasting, has brought great benefits for BBC North West, Mr Williams believes.

The move has saved "hundreds of thousands of pounds" by cutting out unnecessary duplication but just as important it has opened up new career opportunities for staff and created a "buzz of excitement," Mr Williams argues.

The changes even include an agreement to allow local radio journalists in Carlisle to write and present news reports for regional television.

"Radio Cumbria has become, in effect, a local television station," said Mr Williams.

The extra money has been ploughed into new programmes and output from BBC Manchester has markedly increased. Apart from Open Air, another Manchester network programme, Brass Tacks, has increased from 20 to 32 programmes a year and major documentaries now being planned include one on childhood - following children growing up in different cultures, different backgrounds and different countries.

BBC North West was also very fast off the mark in realising that independent producers, with the official backing of the Government, were a coming force in British broadcasting.

Mr Peter Ridsdale Scott was appointed executive producer for independent productions in Manchester and the first programme to be made was Tricks of the Trade - a programme offering a series of handy hints and tips - which was developed in association with Gambit Enterprises. Hold That Story, likely to be broadcast early next year, is more ambitious. It will be an extended weekly series looking at how the press, and in particular the tabloids, treat the subjects of their stories.

The programme will be produced by Mersey Television, Mr Phil Redmond's Independent production company which makes the soap opera Brookside for Channel 4. He will pay the normal commercial rate to use BBC Manchester studios and technical staff for the series.

"I take devolution seriously and I take responsibility seriously," said Mr Williams. "We must not be temperamental. We must not feel provincial - that they don't like us down in London," he added.

Raymond Snoddy

Regional development agency

# Inward's five prongs

AFTER THREE years at the helm of Inward, the North West's regional development agency, Mr Basil Jeuda, urbane and persuasive, is buzzing with the kind of infectious energy which the region, still shaky and debilitated after years of decline, is thirsting for. Mr Jeuda, chief executive, and his equally enthusiastic chairman, Mr Ken Medlock, are proud of Inward's achievements. In the last two years, they say, there has been more investment in the North West than at any other time in the last 15 - thanks in no small measure, they believe, to Inward's own efforts.

Inward is one of five regional agencies set up to promote inward investment in 1985.It replaced Norwida (the North West Industrial Development Agency), a body universally acknowledged as incompetent, through no fault of its own.

In Medlock's six years at Norwida (he transferred to Inward, along with half Norwida's staff when the new body was set up) he remembers it agreeing on only two things: to campaign against Stansted and for Manchester Airport, and to decide on a site for the footloose Nissan project. "Nissan went to the North East almost by default, because we had no expertise to present the case to the Japanese," he says. It is worth pointing out that Inward, streamlined, efficient and powerful, would never repeat that mistake.

Because of Norwida's indifferent record, Inward was initially treated with suspicion by the Labour-led local authorities whom it wished to woo. "There was a feeling that the Government was simply trying to get the private sector in on the act," says Mr Medlock.

"But we have demonstrated quite clearly that we are an independent, self-sustaining body that is quite legitimately fighting for the interests of the region. We are nobody's tool,"he stresses.

Since those early, difficult days, Inward has gained credibility by leaps and bounds as a seminal voice in the considerable battle to attract overseas investment to the region. As a measure of its success, Jeuda cites 18 major investment triumphs achieved by Inward since 1985. In Norwida's last five years of operation, it achieved only one, he says.

A young 49, Mr Jeuda came to Inward with a distinguished academic, business and political background. He gained an honours degree in accountancy and economics at Manchester University before he was 20, and became the leader of Cheshire County Council less than one month after being elected as a local Labour councillor.

Inward attributes its success, in part, to a hard-nosed, strategy of concentrating on specific geographical markets and industrial sectors where the region has expertise and strength. Instead of the dissipated, spreadshot techniques of Norwida, Inward has been careful to zero in on five particular areas - health care, chemicals, pharmaceuticals, electronics and tourism investment - which might be attractive to foreign investors. "To our knowledge, we are the only English regional agency which has begun to target tourism and leisure as a potential market," says Mr Jeuda.

Inward is responsible for attracting inward investment to five counties - Merseyside, Cheshire, Greater Manchester, Lancashire, and Cumbria, plus the High Peak district in Derbyshire - which between them have a population of over 7m.people - more than double the population of Wales.

Its region embraces some of the most depressed areas of the country - Trafford Park and Moss Side in Manchester, for example - but also some of the wealthiest villages and small towns in the North. The region also has excellent educational resources in its universities and polytechnics, and powerful industrial resources.

As soon as Mr Jeuda and his staff assumed office, for example, they bit heartily into two of the world's most prolific, but competitive markets, Japan and the US. Inward opened an office in Chicago, and appointed a consultant in Tokyo.

The gamble paid off. Two Japanese banks, the Fuji Bank and the Sanwa Bank, have opened branches in Manchester. Unger Foods, an American subsidiary of Campbells Soups, has made a £12m investment in the Salford Enterprise Zone in preference to East Anglia, where the company's main UK operation is based. Inward also located a £2.6m bakery investment by Wimpy in Bury. Mr Jeuda is now considering establishing a permanent presence in Hong Kong, where he is due to go on a scouting mission in November.

Hong Kong will also be the venue next March for a major trade promotion event which signals a new departure for Inward. "We are mounting the first ever region-wide trade promotion event there, with Cumbria, Lancashire, most of the Merseyside districts, English Estates and Greater Manchester pulling together across the region. "Thirty potential exporters to Hong Kong from the region will travel out to present a broad portfolio of interests in the hope of attracting new trade links."

In March this year, the Government, which gives grant to Inward through the Invest in Britain Bureau, announced a 26 per cent increase in funding for five English regional agencies. Inward got the third largest figure, £380,000, an increase of £117,000 on the previous year.

"It is true that we didn't get as much as some others, but we didn't ask for as much," says Medlock. "We asked for what we knew we could spend. We were the only region that got 100 per cent of its request." By contrast, the total Whitehall budget allocated to the newly-established Northern Development Company, £1.1m; fell slightly short of what the company requested for its first year of operation.

"We are prudent businessmen. We could have gone in and asked for a large amount, and blown it. But that's not the way to run the show, Mr Jeuda comments.

In spite of its successes,Inward has difficulties.It recognises a need to deflect the damaging image of poor labour relations in the North West. To this end, it has published a glossy booklet on labour relations, complete with glowing reports from overseas management based in the region, which it is understandably keen to promote.

There is still damaging infighting within the region itself which Inward is keen to stamp out and there are still some local authorities in the region which have refused to co-operate with Inward.

Labour-led Manchester City Council is one of them. Graham Stringer, the leader, admitted that Manchester "had nothing to do with Inward", but refused to say why.

Mr Simon Sperryn, chief executive of the Manchester chamber of commerce, says he would be very sorry to see Inward fail and be replaced by other, smaller, agencies. " But one of Inward's worst faults, and one which it cannot help, is that much of its work is invisible to the region, because it is done overseas. Until its constitution is changed, there's little it can do about it."

Inward too is concerned about the narrowness of its remit. "We find ourselves in an awkward and frustrating position," says Mr Jeuda. "It seems ludicrous and illogical that the only way in which we can effectively promote the strengths of, let's say, the food processing industry here is by going to the States, Japan or Western Europe, when there are undoubtedly other companies in the UK which might be looking for sensible places to expand."

He questions whether Inward's powers are wide enough to compete effectively in the international market place with its Scottish, Welsh and Northern Irish counterparts. "We are a promotional body, and our main work is to seek to stimulate demand. But I think we have also got to be influential in other directions as an organisation on the supply side.

"Why keep our promotional expertise in one pocket and say it's only available to overseas markets" It's sheer nonsense."

To add weight to their arguments, Messrs Jeuda, Medlock and their colleagues are revising their corporate strategy, with the intention of widening the debate. Essentially, they want to overhaul the grants system under which the English agencies operate. They also want to be able to command risk capital, like their neighbours over the borders.

Pursuing the same theme, Mr Sperryn of Manchester chamber believes Inward should, and could, supply to the public and private sectors which would enable the region to sell itself better. "We desperately need better data on our strengths and weaknesses. We need better information about the economy of the region which could be used in far more ways than just for overseas investment. Inward could provide a mechanism to achieve that.

"The Chamber can't do that statistical data collection because the UK Government, alone in Europe, seems determined to keep the voice of business without recognition and under-resourced. We simply could not afford it. But we need it urgently,"he adds.

**Iona Brown**

Mr Basil Jeuda (left) and Mr Ken Medlock, managing director and chairman of Inward

Tourism

# The skies are blue

THE NORTH-WEST is reaping the benefits of an unprecedented boom in the tourism and leisure industry. With domestic visitors spending £515m in the region last year, and making 10m trips annually, tourism has become the fastest growing sector in the region and a major force in reviving the North West's debilitated economy.

Last year, there was an increase in spending by domestic visitors of 20 per cent, and £127m has been invested in tourism development across the region in the first six months of this year alone.

But this is seen as only a start. "We have got to start telling people how good it is to visit and to live here," says Mr Anthony Goldstone, chairman of the North-West Tourist Board, who is a former Labour politician.

He seeks to put across the message that life in the North-West of England is not a dismal story of grey skies, inner city desolation, clogs and cloth caps.

The region boasts historic cities like Chester, Lancaster and Carlisle, canals, and large tracts of spectacular countryside, notably High Peak in Derbyshire and the Lake District.

There is a cornucopia of architectural treasures. For example, Liverpool has more Grade 1 listed buildings in the newly-refurbished Albert Dock complex than any other British city and the region's five traditional seaside resorts include the biggest in Europe - Blackpool.

The trend over the past five years has been towards restoring once-derelict areas to multi-purpose complexes which have big tourism potential. Albert Dock, the Liverpool waterfront development incorporating the Tate Gallery of the North, is expecting to welcome 5m visitors a year by 1990. Another example is the Salford Quays development on the Manchester Salford border, where 150 acres of land, three miles of waterfront and 75 acres of water are being brought back into productive use.

The region's success stories are impressive. Chester, long a magnet for tourists, now fills 66 per cent of its bed spaces during the high season with overseas visitors. Manchester Airport, a key factor in the tourist boom, has just recorded a £20m trading profit on a turnover of £73m.

Government figures show that 7,000 jobs were created in the region last year through tourism and leisure development.

Agencies to promote tourism in the North West proliferate and two thirds of local authorities in the region have tourism strategies. But Hilary Darby, who is doing a research project at Manchester Polytechnic on the role of tourism as a catalyst in urban regeneration, argues that tourism "is a powerful, creative force in the cycle of regeneration, but it is being injected with optimistic overkill. Detailed monitoring with a view to future strategy planning is simply not being done by the tourism industry itself. An independent evaluation of the phenomenon of UK urban tourism is well overdue."

"In the early 1970s, the domestic tourist trade seemed doomed to lose out to cheap flights to the sun," says Mr Jonathan Tucker, research and development manager at the North West Tourist Board.

"But the impact of the package holiday business has been offset by a growth in overall leisure time and overall disposable income."

Package holidays have, however, done considerable damage to smaller resorts like Morecambe. Mr John Lee, Minister for Tourism and MP for Pendle, Lancashire is concerned. "If some of our seaside resorts don't upgrade the quality of their accommodation, they are going to suffer," he says. He would like to encourage more hotels to apply for Section 4 Tourism Act grants under which the English Tourist Board pays up to 20 per cent of the cost of development.

"In the past, there was a reluctance to invest in tourism because of its high risk. But I think now people can see the success of some of our major attractions, like Alton Towers, and the profitability of our major hotels and leisure ventures, there's a much greater willingness to take that risk."

As evidence, he cites the six new hotels built or under construction in Manchester this year, and Granada Television's major £8m venture to open its studios to the public, which Mr Lee believes will attract up to 1m visitors a year.

Granada intends to offer three-hour tours through a purpose-built television "wonderland" constructed on 4½ acres of land sandwiched between the company headquarters in Manchester and the Greater Manchester Museum of Science and Industry.

The scheme, to be called Granada Studios Tours, after Universal Studios' famous American venture, is to open next autumn.

Mr Lee's enthusiam for the venture is a clue to the kind of innovative projects he will be willing to support during his tenure in office. "I believe the Granada tours will be the most outstanding attraction of its kind in the country.

"They will provide what I shall be looking for increasingly in modern tourism development - excitement, knowledge and jobs."

Mr Lee would like to see more of what he calls modern industrial heritage, in which factories and manufacturing companies open their doors to the public to educate and inform. "BNFL's Sellafield Exhibition Centre is a good example. There are a whole host of manufacturing companies which could allow visitors round to give both a boost to tourism, and increase people's awareness of industry."

He is also keen to promote more soccer-related tourism, such as the successful soccer weekends in Liverpool organised by the Merseyside Tourism Board, a private company set up following the abolition of the county council. The board is chaired by Mr Philip Carter, chairman of Everton Football Club, and former managing director of the Littlewoods organisation.

Mr Lee's emphasis on close links between industry,commerce and tourism is welcomed by Mr Simon Sperryn, the ebullient chief executive of Manchester's Chamber of Commerce and Industry.

"Tourism is a key issue in Greater Manchester," says Mr Sperryn, who is organising a new forum, the Greater Manchester Tourism and Leisure Association, with 350 members from commerce and industry.

The association is a joint venture between the county's 10 district councils and the business sector. It has a refreshingly catholic membership which includes Manchester Airport, travel agents and tour operators, bus companies, British Rail, Granada Television, Wigan Pier, restaurants and hotels.

The body is currently putting out to tender to consultants for a feasibility study which will pinpoint the region's strengths and weaknesses.

**Iona Brown**

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

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US BANK LAUNCHES MAJOR DOMESTIC AND OVERSEAS RESTRUCTURING

# Conti Illinois to sell banks

BY DEBORAH HARGREAVES IN NEW YORK

CHICAGO-BASED Continental Illinois plans to sell all its Chicago-area community banks and certain mass-market retail operations as part of a restructuring.

Mr Tom Theobald, the bank's new chairman, said Continental would build on its strengths in the business sector to become a "customer-focused business bank."

The bank, which was bailed out by a massive capital infusion from the Federal Insurance Deposit Corporation after a run on deposits in 1985, said it would slim international operations by selling outposts in Brussels, Madrid, Seoul and Taipei.

However, this will be accompanied by expanding certain selected international branches for investment banking activities.

"The new strategy will offer Continental greater revenue potential, a stronger asset/liability structure and the means to improve upon our already strong capital base, with the goals of maximising earnings for our stockholders and ensuring broad public ownership of our stock in future," Mr Theobald said.

The plan involves moving away from activities which do not support the bank's all-business strategy and concentrating on areas where it has a competitive advantage, Mr Theobald explained. These include corporate finance, risk management, market-making and transaction support.

The new strategy follows Continental's previous announcement on Monday that it may make a "moderate" loss in the final quarter due to a $90m charge for its First Options unit.

Continental, which posted a profit of $80.1m, or 24 cents a share, in the third quarter, also said it would try to reduce First Options' exposure to the volatile options market. At the same time, yesterday's announcement seeks to increase the company's involvement in the investor market by adding an extensive distribution network of investment banking capabilities.

Continental's decision to move virtually out of retail banking with the exception of services to high-net worth individuals, marks an about-turn for the bank, which has been trying to build a retail base in the Chicago area over the past couple of years.

Hampered by the State of Illinois' byzantine banking laws, which allow a maximum of five branches per bank, three of which must be within a mile from the head office, Continental acquired five suburban banks over the past two years. These are to be sold.

The bank's decision to expand the size and scope of its market-making activities comes at an inauspicious time for the world financial markets. Continental says it will build on its existing foreign exchange and US government securities base and intensify efforts in the market for reserve currency government securities.

The bank has traditionally forged strong links with the Chicago financial community through business loans operations. It has close ties with many mid-west corporations and multinational companies. These will now be expanded to selected international markets.

Continental has been under pressure to restructure operations for some time. Critics say it has lacked direction since its bail-out. Mr Theobald, who came in as chairman in August, committed himself to developing a strategy for the bank as quickly as possible.

The bank has concentrated on attracting the upmarket retail customer, aware it has few competitive products to win the mass market. The sale of its credit card business to Chemical Bank, in 1984, tied its hands on involvement in that lucrative area. As part of the deal, Continental agreed not to develop a competing credit card base before 1989 or to buy a credit card concern.

Since the rescue, Continental's asset base of $33.4bn has remained virtually unchanged while those of other banking companies have been growing at a rapid pace.

# Lyonnais in talks to buy Dutch unit

By George Graham in Paris

CREDIT LYONNAIS, the French state-owned bank, is negotiating to buy Nederlandse Credietbank (NCB), the Dutch subsidiary of Chase Manhattan Bank.

NCB, the sixth-largest bank in the Netherlands, is expected to merge with Crédit Lyonnais's existing Dutch subsidiary, CL Bank Nederland (CLBN).

The purchase will represent a further international expansion for Crédit Lyonnais, which recently bought Banco Continental in Chile and has been developing its capital markets activities by taking control of Cholet Dupont, the French broker, and Alexanders Laing and Cruickshank, the UK securities house.

Chase originally bought 17.5 per cent of NCB in 1967 and now owns 99.9 per cent. The bank has 61 branches and assets of Fl 10.5bn ($5.25bn).

CLBN, with assets of Fl 15.4bn, made gross profits of Fl 81m last year and Fl 47m in the first half of 1987.

Crédit Lyonnais, the third-largest banking group in France, hopes to be one of the next companies to be privatised.

# GM advances sharply on accounting charges

BY RODERICK ORAM IN NEW YORK

GENERAL MOTORS, the world's largest car and truck maker, has reported sharply higher third-quarter earnings due to accounting changes and improved performances from its non-automative operations.

However, it suffered an operating loss on its vehicle business. This widened to $538.9m from $251.5m a year ago.

Group net profits rose to $812.3m on sales of $22.61bn against $345.1m on sales of $22.84bn a year earlier. Earnings per share were $2.28 in the quarter, or 46 cents a share, before the accounting changes, compared with 80 cents a year earlier.

The accounting changes, applying solely to vehicle operations, mainly involved longer amortisation periods for plant and machine tools. The life expectancy assumptions for equipment is now "more in line with those of other major firms in our industry," GM said.

Mr Gary Glazer, First Boston's auto industry analyst, estimated that the changes would boost full-year net earnings by $2.45 a share in 1987 and $3.50 a share in 1988. Without the changes, the third-quarter results were in line with his forecast.

Worldwide factory sales of GM vehicles fell 10 per cent in the quarter to 1.64m, with US plants harder hit than those overseas, reflecting "intense competition."

GM said, however, it hoped to improve its North American market share as more of its 1988 models came into production.

Lower volume and poor model mix cut earnings by $1.79 a share in the quarter, but that was partially offset by improved operating performances. So far this year, it has achieved cost savings of $2.6bn towards its goal of $10bn by the end of 1990.

Group earnings were boosted by good results from non-automotive divisions in the quarter: GMAC, the vehicle finance business, lifted net income by 3.6 per cent to a record $325m; Electronic Data Systems, its computing business, pushed up profits by 16 per cent to $82.3m; and GM Hughes Electronics was ahead 6 per cent at $134m.

For the nine-month period, group net profits were $2.72bn, or $7.70 a share, against $2.56bn, or $7.24. Sales were $75.40bn against $77.29bn a year earlier.

# Primerica warns market chaos will affect brokerage's profit

BY JAMES BUCHAN IN NEW YORK

PRIMERICA, the financial services and retailing group headed by the Wall Street entrepreneur Mr Gerald Tsai, has increased earnings from continuing operations sharply in the three months to September but has warned of recent trading losses at Smith Barney, its new brokerage subsidiary.

Primerica, the former American Can which acquired Smith Barney for $750m in June, said that the stock market chaos had caused trading losses at the brokerage which would reduce fourth-quarter earnings. Other operations at Smith Barney performed well, despite difficult market conditions.

Smith Barney continues to have a strong capital position. In the September quarter, Primerica reported earnings of $53.8m, or 91 cents a share, as against $46.2m, or 75 cents, in the third quarter of 1986.

Earnings from continuing operations more than doubled because the 1986 quarter included $18.9m, or 34 cents, in earnings from American Can's packaging operations, which have been sold, and were reduced by a special charge of $1.3m. The most recent quarter included a contribution from Smith Barney.

Net income for the nine months to September was $173m, or 2.94 a share, as against $161,5m, or $2.67.

Sales revenues rose from $684.2m to $1.05bn in the quarter and from $2.02bn to $2.60bn in the nine months. The increases from continuing operations were 54 per cent and 29 per cent – including the Smith Barney contribution.

Operating income in financial services was up 39 per cent in the third quarter, with a 59 per cent increase in speciality retailing.

# Canadian dealers exposed to BP

By David Owen in Toronto

THREE CANADIAN investment dealers, Woody Gundy, Dominion Securities and McLeod Young Weir, stand to be among the hardest hit companies if the UK Government proceeds this week with the BP privatisation, which closed yesterday.

On October 15, these blue-chips concerns committed themselves to buy 105m BP shares at 330p ($5.6) each for resale to the general public. But the shares closed yesterday 76p below the selling price.

Unlike the situation in the UK, where risk has been spread between 400 to 500 underwriters, the three companies were unable to pass stock off to a larger syndication group before the market broke.

This leaves them exposed to losses of up to about C$177m ($135m), based on the difference between the agreed purchase price and yesterday's closing price for BP stock of 254p, down 5p.

While none of the companies will comment as to what portion of the 105m shares each has underwritten, Wood Gundy is widely presumed to have the heaviest exposure in its capacity of lead manager for the Canadian issue.

The company's capital base was recently boosted to about C$400m by a C$271m injection from First Chicago, the US mid-west bank which in June agreed to buy a 35 per cent stake in Wood Gundy. At most, 20 per cent of its capital therefore appears to be at risk.

"We are in an awkward position," acknowledged Mr John Plaxton, an executive vice president. "But it is something we could deal with," he added.

The company has other troubles on its plate at present. It recently filed a C$355m lawsuit against Walwyn Inc, associated companies and several former Woody Gundy employees, in reaction to the departure for the rival investment dealer of about 35 Woody Gundy staff from the company's successful 42nd Street retail brokerage branch in Toronto.

Mr Ron Lloyd, a vice president with Dominion Securities, also appeared confident of his company's ability to handle any crisis related to the BP issue.

"Assuming the worst, we are extremely well-capitalised," he said. "We wouldn't like it – but we could certainly manage it comfortably." Dominion has about C$250m of equity capital.

At last report, McLeod Young Weir had capital of about C$300m. Earlier this month, the Bank of Nova Scotia reached a definitive agreement to launch a takeover bid to acquire the company for C$80 a share.

# Monsanto files patent lawsuit

MONSANTO, the US chemicals company, yesterday said it had filed a lawsuit in West Germany against Himont Deutschland GmbH for infringing the company's West German patents covering its Santoprene thermoplastic rubber, Reuter reports from St Louis.

Monsanto claims in its suit that Himont's Dutralene ethylene-propylene thermoplastic rubber infringes the composition of matter and processing patents for Santoprene.

# Chevron asset disposals push third-quarter profit to $245m

BY OUR FINANCIAL STAFF

THIRD-QUARTER net earnings at Chevron, the fourth-biggest US oil company, showed an improvement to $245m, or 72 cents a share, from $208m, or 61 cents, in the same period a year ago. Sales moved ahead to $7.7bn from $5.9bn.

The rise in earnings followed a $36m net gain from asset sales, including the company's share of an Amax asset disposal. The year-ago third-quarter also included a gain of $4m relating to asset sales and write-offs.

In contrast, Texaco third-quarter profits declined to $108m, or 44 cents a share, from $162m, or 67 cents. Revenue moved ahead to $9bn from $7.3bn.

Commenting on its results, Chevron said higher oil prices had helped boost results, but refining and marketing income continued to suffer from low margins.

Mr George Keller, chairman, noted that the oil industry continued to operate in a "highly uncertain crude oil pricing environment and a highly competitive petroleum products market. As a result, our earnings continue to be less than satisfactory."

He said that oil price uncertainty precluded any large increases in company capital expenditures.

Chevron's US exploration and production operations showed a profit of $98m for the quarter, including $43m on net gains from tax refunds and asset write-offs, compared with a loss of $41m last year.

The latest figures were also increased by $15m from windfall profit tax refunds, which more than offset the cost of settlement of a prior year non-US tax issue and a Lifo inventory drawdown.

The year-earlier quarter included $13m of pension gains.

Texaco's latest third quarter included net charges of $122m, amounting to $233m for nine months, for the accrual of interest on unsecured debt at Texaco and its two wholly-owned finance subsidiaries.

While such interest cannot be paid without bankruptcy court approval, assessment of events since the filing provided a basis to support the accrual of such interest, the company said.

Texaco said 1987 operating results continued to show gradual recovery from the depressed levels which prevailed in the industry in the latter half of 1986.

# Intel plans $95m chip plant

BY LOUISE KEHOE IN SAN FRANCISCO

INTEL CORPORATION, the US semiconductor manufacturer, has announced plans for a $95m semiconductor manufacturing technology development facility at its headquarters in Santa Clara, California.

Designed to be the incubator of new generation chip manufacturing technology, it will be "one of the most advanced semiconductor development facilities in the world," said Mr Gordon Moore, chairman.

The 200,000 sq ft facility is scheduled for completion in April 1989 and will be dedicated to the development of manufacturing processes for extremely dense semiconductor chips with feature sizes of less than one micron, about three times denser than present semiconductor chips.

Intel is determined to move ahead with its plans for new facilities, despite the stock market crisis, said Mr Moore. "This is a long-term strategic investment that must be made regardless of what is happening in the stock market or elsewhere," he said.

Intel's decision to locate a large new wafer fabrication plant in Silicon Valley runs contrary to the industry trend toward out-of-state facilities, but Mr Moore said that a major factor in the decision was that the company already has a large research and development staff in Santa Clara.

"It would be far more difficult to replace or relocate the people than to build the facility here," he commented. At its new facility Intel will focus particularly on manufacturing technology for non-volatile memory chips, devices used to store programme permanently in, for example, personal computers, and on microcontrollers, programmed control chips that are frequently embedded in electronic instruments.

# First National Bank boosts assets

BY JIM JONES IN JOHANNESBURG

FIRST NATIONAL Bank, the former Barclays South African offshoot, has re-established itself as the country's largest banking group in a year in which its British parent divested.

The bank acquired Citibank's local operations, a major interest was acquired in Southern Life, the life assurer, and a restructuring of the bank's electronic network system was completed.

Mr Chris Ball, managing director, said yesterday that total assets had increased to R20.6bn ($10.1bn) at the end of September, from R18.2bn a year earlier. The Citibank acquisition led to R1.06bn asset growth.

However, First National has been particularly aggressive in increasing mortagage advances, hire purchase loans and lending to corporate clients at a time when overall demand for credit has been comparatively static. Advances rose to R16.7bn from R14.5bn.

Net interest income before tax increased to R880.1m in the year to September from R584.6m in the preceding nine months. The pre-tax profit was R301.9m against R180.7m.

The year's net earnings were 254.6 cents a share against 148.0 cents in the previous nine months, and the total dividend has been lifted to 105 cents from 71.25 cents.

Barclays of the UK sold its entire 40.4 per cent interest in First National at the end of 1986, and control of the bank passed to Anglo American Corporation and its associates.

Mr Ball qualified his projection of further business growth with the warning that it assumed no significant economic downturn.

# Amax stages sharp profits recovery

AMAX, the US coal, base metals and gold mining group, has reported a strong swing back into profit during the third quarter as a result of sharply increased aluminium sales and improved results from gold operations, Reuter reports from New York

Operating net profit was $112.3m, or $1.15 a share, compared with a loss of $11.8m, or 18 cents. Sales during the quarter soared to $871.9m from $270.1m.

Mr Allen Born, chief executive, said that "all indicators point to a strong fourth quarter." The aluminium business should continue to be strong, gold results should be steady and coal results should improve over the third quarter, when coal operating earnings fell 28 per cent to $23m.

Mr Born said Amax planned no more large asset sales but was negotiating to sell oil and gas assets in the Dutch North Sea for between $50m and $75m. He declined to say when a deal could be expected but said the company would record a $40m gain if the assets were sold for $80m.

The company's aluminium inventories were low, Mr Born said. "We don't want them to go any lower." Prices for aluminium ingot should average about 70 cents per lb next year, about the same as this year but lower than current spot prices, he said.

Over the next five years, Amax says it should easily reach its goal of producing 1m oz of gold a year, up from 200,000 oz in 1987. Production should total 250,000 oz next year.

Mr Born said that at the end of this year Amax's total debt would fall to about $1.4bn.

# Henley boosts stake

BY OUR FINANCIAL STAFF

HENLEY GROUP, the diverse US group, said it had boosted its holding in Santa Fe Southern Pacific to 14.1 per cent from 5.03 per cent and was considering plans to seek representation on Santa Fe's board or to acquire control of Santa.

Henley added that it held a total of 22,147,800 shares of Santa Fe's common stock, of which 14,240,100 shares were acquired between October 19 and October 26 at prices from $39.72 to $52.68 a share.

In a 13D filing with the Securities and Exchange Commission, Henley said it had "high regard" for the management and directors of Santa Fe and that it intended to continue to work with Santa Fe "in a constructive fashion to maximise stockholder values."

"However, Henley reserves the right to take whatever action may be necessary to accomplish this goal," Henley said in the filing.

The filing said Henley might seek to obtain representation on the Santa Fe Southern board

# Burns Fry venture

BY DAVID OWEN IN TORONTO

BURNS FRY, the Canadian securities dealer which recently agreed to sell a 30 per cent stake to Security Pacific, is to form a new international investment bank in partnership with Hoare Govett, the UK stockbroker.

Hoare Govett is itself owned 83 per cent by the Los Angeles-based bank holding company. The new bank, which will be an equal joint venture between Burns Fry employees and Hoare Govett, will be set up to market Canadian equities overseas and foreign securities in Canada.

It is likely to be named Burns Fry Hoare Govett International, according to Mr Donald Johnson, Burns Fry president, who announced the move at a Toronto financial services conference.

Mr Johnson expects the new firm to be formed on the completion of the original Burns Fry-Security Pacific deal. That transaction is still awaiting the approval of the US and Canadian governments.

# Ferruzzi takes stake in St Louis

By Our Paris Staff

FERRUZZI, the Italian foods group controlled by Mr Raul Gardini, has taken a stake of more than 5 per cent in St Louis, France's second largest sugar producer.

The stake has surprised both St Louis and French stock market analysts, since Ferruzzi already controls Beghin-Say, the country's largest sugar producer.

The two groups together would account for more than 70 per cent of the French sugar market, a concentration unlikely to meet with government approval.

St Louis, however, also controls the Lesieur cooking oils and canned foods group, and analysts believe Mr Gardini may be looking towards this area. Since taking over Lesieur last year, St Louis has sold Lesieur's household cleaning products division to Henkel of West Germany, and further sales have been considered possible.

The French food group's shares have tumbled in the past fortnight's stock market collapse to FFr1,100, from a peak of FFr1,426 earlier this year.

The group made net consolidated profits of FFr166m ($28.1m) in the first half of the year, on sales of FFr6.1bn. The sale of the cleaning products division brought in FFr2.05bn, compared with the FFr2.37bn St Louis paid for the whole of Lesieur.

Mr Bernard Dumon, chairman of St Louis, said that he had had no contact with Mr Gardini, but that he would not rule out cooperation between the two groups in France or Italy.

# CDF Chimie sees return to earnings of FFr1bn

BY GEORGE GRAHAM IN PARIS

CDF CHIMIE, the French state-owned chemicals group, expects to make profits of about FFr1bn ($169.5m) this year, its first positive result since 1979.

Mr Serge Tchuruk, the chairman, said the turnround from a loss of FFr2.6bn in 1986 resulted partly from a sharp improvement in the chemicals market and from the capital boost of FFr3bn given by the Government earlier this year, and also from the effect of the group's restructuring programme.

The return to profit parallels the result at Renault, the state car producer, which has until this year been losing money for almost as long as CDF Chimie, and whose return to the status of a normal company was agreed yesterday by the French cabinet.

But the chemicals company's former parent, Charbonnages de France, the state coal group, still expects to incur an operating loss of FFr1.9bn this year, with financial costs and special charges bringing its total loss to nearly FFr8bn.

CDF Chimie has shed three operations in the phospate fertilisers and industrial paints sectors this year, with combined sales of FFr1bn, while taking on four new companies with sales of FFr1.5bn, including Grande Paroisse, the fertilisers concern formerly controlled by Air Liquide, and Casolith, the Dutch acrylics company.

Mr Tchuruk said the reshuffling of CDF Chimie's holdings was aimed at concentrating group activities in sectors chosen as strategic, including nitrate fertilisers, inks and specialty chemicals.

The Lorilleux inks division will improve profits by a third this year, he said, while the Ripolin household and anti-corrosion paints operations should also raise earnings. Despite higher raw material costs, the specialty chemicals division should increase profits to FFr400m, while the petrochemicals division was expected to return "good quality" results.

Fertilisers will remain in substantial loss, though Grande Paroisse is expected to break even.

The group has begun to reinvest in its plant, with investments of FFr400m so far this year, including a line for the production of ultra-absorbant nappy fibres. Another FFr400m of investments were announced yesterday, including FFr320m in its Rouen nitrates plant.

# Overseas premiums help Belgian insurer's revenue

BY WILLIAM DAWKINS IN BRUSSELS

GROUPE AG, one of Belgium's two largest insurance groups, has shown a rise in revenue for the first half of 1987 and predicted an increased profit for the full year.

The group, which has activities in France, the Netherlands and Luxembourg, and is a subsidiary of Societe Generale de Belgique, the major holding company, recorded gross revenues of BFr25.8bn ($700m) for the half-year to June, a 5.7 per cent improvement on the same period in 1986.

Within the total, premium income grew by 5.5 per cent, including an 8.1 per cent rise in a crowded Belgium market and a 23.3 per cent advance abroad.

Interest income meanwhile grew by 6.4 per cent, despite falling interest rates. Revenues for the full year will be about the same as in 1986, but the group forecasts that tight controls on operating costs and lower exceptional charges will allow it to increase profits above last year's BFr2.7bn. There should also be a rise in the annual dividend.

The group said its assets showed a surplus over book value of BFr2.6bn on June 30, more than double the previous June's BFr1.2bn surplus.

# Mediobanca privatisation to go ahead

By Alan Friedman in Rome

THE TURMOIL which has hit world equity markets, including the Milan bourse, will not affect the planned privatisation share issue for Mediobanca, the Milan merchant bank currently 56.9 per cent owned by bank subsidiaries of the IRI state holding group.

Mr Antonio Maccanico, Mediobanca's chairman, said the weakness of the markets would not hinder the Mediobanca operation, which will see state control dropping to 20 per cent and is likely to raise more than $1bn in Italy's most important privatisation.

Laura Raun on prospects for a once independent aircraft maker

# Fokker plots a course with state support

FOKKER has taken great pride in being an independent, private aircraft maker in an industry marked by heavy government ownership. But now the small Dutch company is joining most European aerospace concerns in relying on the state.

Government takeovers of strategic companies have a mixed record in the Netherlands, with Volvo Car Nederland recovering nicely and the RSV shipbuilding group going belly up. In recent years the centre-right Government has sought to sell state holdings and avoid entanglement in the private sector. This week's Fokker rescue cuts across official policy.

The Government will take 49 per cent of the companyby converting Fl 100m ($50m) of debt into equity. The Hague and commercial banks will provide Fl 527m in fresh credit on top of Fl 2bn already furnished in recent years. Repayment of Fl 500m in state-guaranteed commercial loans will be eased.

Reaction on the Amsterdam stock exchange has turned negative and Fokker shares plunged yesterday.

The Dutch company got into difficulties while trying simultaneously to develop two aircraft, the 50-seat Fokker 50 turboprop and 100-seat Fokker 100 fanjet. Development costs soared, nearly doubling to Fl 2bn, because of technical problems, production delays, late deliveries and a weak dollar.

About Fl 1.5bn in government and commercial credits outstanding after partial repayment have clearly fallen short of development costs. Orders have dried up amid competition from such US giants as Boeing and McDonnell Douglas, armed with the cheap dollar. Fears over Fokker's financial predicament have not helped the order flow. The company has forecast a "small loss" for this year.

Fokker has agreed to strengthen its management to allay fears that it is being run by only one man, Mr Frans Swarttouw, chairman. He has taken over many day-to-day responsibilities since the financial director was not replaced and the third member of the board, in charge of sales, was relieved of those duties.

On Monday, when the bailout was disclosed, Fokker moved quickly to announce the appointment of two regional sales directors, but more important is when the board of management is filled. The Dutch Economics Ministry is demanding that a financial expert be appointed and is suggesting a board expansion. Three "wise men" will advise Fokker in the meantime.

A second condition for aid is that Fokker must find a partner, despite its two previous doomed joint ventures - with Vereinigte Flugtechnische Werke (VFW) of West Germany and McDonnell Douglas. A prime candidate now is Messerschmitt-Boelkow-Blohm (MBB), the West German aerospace company, with which Fokker recently concluded a co-operation agreement.

The companies' product ranges are considered quite complementary, Fokker with its strength in smaller airliners and MBB with its broader range - with helicopters, military aircraft and space research.

The third condition is the requirement to slash production costs, probably by 10 to 15 per cent, to offset the low dollar. Layoffs appear essential, but the Government seems unlikely to want to make the kind of cutbacks needed.

In 1983 Fokker unveiled two new aircraft. As successors to the F-27 and F-28, the F-50 and F-100 were designed to take advantage of their predecessors' superior image and proven technology. But management difficulties and rigid labour practices have delayed production and delivery.

Technical problems have added to the difficulties. Last July, a prototype F-100 skidded along on its right wing after landing gear collapsed. Fokker insists it will still be certified on schedule, but initial deliveries to Swissair are already half a year late.

Because development costs have risen so much and guilder revenue has shrunk - aircraft prices are denominated in dollars - Fokker may have to sell about 300 of each new aircraft to recoup costs, up from original estimates of 200. Under the most favourable conditions, the break-even point could come as early as 1990. If Fokker turns around by then, the Government is likely to sell its stake. If not, The Hague could remain part owners of an aerospace company for a long time.

## Japanese electronics recovery continues

By Carla Rapoport in Tokyo

FURTHER evidence of the marked recovery in Japan's electronics sector was provided yesterday as three more leading companies announcing solid profit advances.

Fujitsu, Japan's largest computer maker, showed the largest gain, with pre-tax profits more than doubled to Y18.7bn ($132.7m) for the six months to September, compared with Y7.2bn last year. Sales climbed 13 per cent to Y778bn.

Along with other leading electronics companies reporting this week, Fujitsu credited its recovery to an improvement in computer and communication equipment sales as well as an upturn in semiconductor prices.

Despite the appreciation of the yen, Fujitsu managed to increase its exports by 17 per cent in the period, while domestic sales grew by 12 per cent.

NEC and Mitsubishi Electric also announced respectable profit increases for the six-month period. NEC pushed up pre-tax profits by 25 per cent, while Mitsubishi Electric recorded a 26 per cent advance before tax.

Mitsubishi Electric too showed the strongest sales gains in the information and communication systems sectors, with sales of heavy machinery also showing growth.

Despite heavy promotion of its consumer products, such as video cassette recorders, the company's sales in this area dropped by nearly 10 per cent.

Overall, sales were almost level at Y881bn, with pre-tax profits at Y14.2bn, up 26 per cent from Y11.3bn recorded in the period last year.

NEC reported pre-tax profits of Y25.2bn, compared with Y20.1bn last year, on sales up 4.6 per cent to Y1,048bn. For the full year, the company expects pre-tax profits of Y73bn, up from Y52.3bn, with sales at Y2,300bn compared with Y2,123bn.

The company says its improvement is in large part due to its stringent cost reduction measures and increased sourcing of components from outside Japan.

## Output boosts Newmont unit

NEWMONT AUSTRALIA, 75 per cent owned by Newmont Mining of the US, lifted net profits to A$39m (US$27.3m) in the first three quarters from A$23.82m a year earlier on turnover of A$82.3m against A$44.3m, **Reuter reports from Melbourne.**

The company said the gain reflected an increase in gold output to 133,976 ounces from 79,752 ounces and a rise in the average gold price to A$628 an ounce from A$561.

Stefan Wagstyl on the Japanese builder's purchase of Westin

## Aoki raises profile in hotel sector

AOKI, the Japanese building company which has just bought control of Westin, one of the best-known US hotel chains, is no stranger to the leisure industry.

Many Americans and Europeans who have never heard the name of the Osaka-based group will have stayed at the Algonquin Hotel in New York, the Beverley Wilshire in Los Angeles or the Ritz in Barcelona - all of which it operates.

Those who have travelled further may have visited one of the four Caesar Park hotels in Brazil, Panama and Taiwan - a luxury chain which Aoki has developed since the mid-1970s.

The quoted but family-run business is one of several Japanese construction companies which have suffered in the 1980s from a dearth of large orders, particularly from overseas.

While other groups have often turned towards domestic property development within Japan - principally in Tokyo where land prices have soared - Aoki has invested in the hotel trade.

Mr Junichi Shiraishi, a senior executive, says the reason for the group's strategy is that while construction orders can be unpredictable and cash-flow intermittent, in running hotels an operator can rely on a steady and reliable flow of revenue. "So we have a balance," he says.

The company is run by Mr Hiroyoshi Aoki, the chairman, whose father started the business in 1947, winning orders in the post-war reconstruction boom.

New York's Westin Plaza: under the Aoki umbrella

Later, Aoki became known as one of the most internationally minded of Japanese construction companies, specialising in civil engineering. It retains something of Mr Aoki senior's entrepreneurial spirit - running among other things a gold mine in Brazil.

However, the $1.35bn acquisition of Westin's chain of 66 owned or operated hotels is a far bigger and more adventurous step than the company has taken before - according to Aoki it also ranks as the largest purchase abroad by a Japanese company.

Aoki is buying 81.5 per cent of Westin, in partnership with investors led by Mr Robert Bass, the Texas billionaire, who are taking the remainder.

Aoki had been looking for a US acquisition when Westin was put up for sale by Allegis, its conglomerate parent which, in refocusing on its United Airlines business, has also recently sold the Hilton International chain to Ladbroke of the UK.

Knowing that Japanese companies were keen on buying property in the US, Allegis' advisers contacted Japanese banks, among them Industrial Bank of Japan which was acting for Aoki.

The acquisition will change considerably the shape of Aoki's balance sheet which in March 1987 had total assets of Y285.3bn ($2.02bn).

The profit contribution from hotels will also leap from a small (and undisclosed) percentage of 1986-87 profits, which totalled Y10.1bn pre-tax.

The company does not plan any more hotel acquisitions in the immediate future.

But it does expect its hotel business to continue expanding.

## Cost controls help Daihatsu to modest rise

By Stefan Wagstyl in Tokyo

DAIHATSU MOTOR, the Japanese motor company which vies with Suzuki Motor in producing minicars, yesterday announced a modest 4.9 per cent increase in both sales and pre-tax profits for the year to June.

The company is feeling the impact of intense competition in the market for minicars - vehicles with engines of less than 550cc capacity. After a period of rapid expansion, growth in minicar sales is slowing.

Daihatsu's consolidated pre-tax profit was Y9.18bn ($64.8m) against Y8.75bn, on turnover of Y619.3bn against Y590.2bn. Car sales were 3.1 per cent up and parts sales 4.7 per cent higher.

The company said margins were improved by cost control and by a fall in interest payments which more than offset a fall in non-operating profits.

Net profits were down 23.3 per cent at Y4.20bn against Y5.47bn due to a sharply higher tax charge. Earnings per share were Y11.04 against Y14.44.

Toyota Motor, Japan's largest car maker, has a 15.2 per cent stake in Daihatsu and exerts a strong influence on its management.

## Earnings jump 81% at Wattie Industries

By Our Financial Staff

WATTIE INDUSTRIES, the New Zealand group which is to be merged next month into Goodman Fielder to create an Australasian foods multinational, yesterday produced an 80.8 per cent jump in net operating profits to NZ$88m (US$54.3m) for the year to July.

At the results presentation, Mr Pat Goodman, chairman of Goodman Fielder, said he would be holding talks in Auckland next week with Mr Peter Reynolds who heads Ranks Hovis McDougall of the UK, in which Goodman Fielder has amassed a stake of 29.9 per cent.

He noted that it had increased its investment in RHM during the London stock market plunge on October 20 when Goodman Fielder purchased a further 10 per cent for some A$250m (US$175.3m). "Ranks says it was opportunistic. I think it was jolly good business," Mr Goodman added.

He forecast better than expected returns from the merger with Wattie.

Wattie said its results, reflecting improvements in core businesses, were further enhanced by large extraordinary profits from the sale of shares in NZ Forest Products and Abels Industries.



## Record pre-tax profits at BAT Indian offshoot

BY JOHN ELLIOTT IN NEW DELHI

ITC, the Indian cigarettes and hotels offshoot of Britain's BAT Industries, achieved record pre-tax profits of Rs423.6m ($32.4m) in the year to June, compared with Rs386.6m in 1985-86.

This was achieved on a turnover of Rs10.65bn, up from Rs9.42bn, and about twice the total of 10 years ago after allowing for inflation.

The latest sales figure, which includes Rs7.42bn of excise duty, makes ITC the largest offshoot of a multinational in India and one of the country's top five individual companies.

ITC has also declared its highest ever dividend, at 30 per cent, which means that BAT, with a 32 per cent stake in the company, receives Rs33m repatriated funds.

About Rs73m has been transferred to reserves, which now stand at Rs1.33bn and include Rs440m cash to be used for diversification.

About Rs2.5bn is to be invested over the next five years into setting up a business to produce hybrid seeds for the edible-oil industry and to crush and market oil seeds and allied products.

In a normal year, India imports edible oils costing about Rs12bn and the Government is trying to increase domestic production.

At present, tobacco and cigarettes account for about 75 per cent of ITC's turnover and 90 per cent of its profits. The balance is provided mainly by Welcomgroup, which owns four large city hotels and also manages a bigger chain.

Following raids by Finance Ministry officials on its premises in February, ITC is contesting claims by the Government that it evaded excise duty on cigarette sales totalling Rs8.03bn from 1983.

According to the company's annual report, the charge is based on the premise that ITC "allegedly colluded with retailers in selling cigarettes at a price higher than that printed on the package, which was the basis of levying duty."

ITC is challenging in the Calcutta High Court the validity of a "show cause" notice it has received from the excise authorities.

The notice asks ITC to explain why it should not pay the Rs8.03bn extra duty to reflect the higher real retail price.

PROBLEM OF VOLATILITY COMPOUNDED

# Price swings raise hedging concern

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

UNPRECEDENTED price swings in world financial markets over the last week have generated concern about the efficiency of practices used by traders in the bond and stock markets to hedge their positions against loss.

Traders say that all transactions which depend on the simultaneous execution of deals in separate markets have been made much more difficult because of price volatility.

These include transactions carried out for profit - such as those in the market for foreign exchange and interest rate swaps - and hedging practices meant to protect dealers from losses.

The difficulties that traders have experienced in hedging may have compounded the problem of volatility.

Because market makers are concerned that they will not be able to insure satisfactorily their positions against loss, their inclination to deal in large size is reduced and they become unwilling to run large positions.

Dealers in both bond and share markets say price movements have been exaggerated by the tendency of dealers to shift their market exposure immediately to others in the market.

One dealer likened it to a game of "pass the parcel," and the result is prices spiralling upwards or downwards.

There are few perfect hedges, but the increased ineffectiveness of hedging is one of a number of factors which seems to be making sure that market volatility begets more volatility.

Market makers in the London stock market, for example, have become accustomed to hedging their risk using options and futures contracts on the FT-SE 100 share index.

But the fluctuations between cash and futures prices have made this increasingly unreliable. The spread between the index as indicated by the futures and cash markets has swung well over 100 points in just over a week, from a premium of 50 points to a discount of 50 points or more at times.

"It's true that hedging has become much less reliable," says one leading UK broker. That means, he adds, that the hedges placed in the futures markets have yielded windfall profits for some, but may just as easily have led to losses.

Hedging difficulties are one factor probably contributing to the shrinking size of market transactions. Prices for Glaxo shares in the London market, for example, were generally good for 50,000 shares two weeks ago, but are now usually good for 10,000 shares.

The hedging problem is compounded where there is a risk of default by the counterparty to a transaction, as in Hong Kong.

There, brokers have been running short stock index positions in the futures market - where their counterparty is the recapitalised Guarantee Corporation - and long positions in the stock market itself.

This again has been a less than perfect hedge but has yielded profits to brokers because the decline in the futures index has outpaced that in the underlying stocks.

Nevertheless, unwinding the positions is difficult because of the worries about the financial soundness of the firms buying the shares.

Similar problems have hit other markets. Dealers in the Eurodollar bond market, for example, often hedge their inventories using the US Treasury bond market.

But such hedges have become increasingly unsatisfactory over the last year because of the varying spreads between Eurobonds and Treasury bonds. These spreads widened considerably last week as rises in US Treasury prices outstripped those in Eurobonds by a wide margin.

The margin between even top-rated Eurobonds, such as those issued by the World Bank, and US government bonds varied by as much as 40 basis points last week alone.

Variations between US government and corporate bonds were, not surprisingly in view of the crash in asset values on stock markets, even greater.

It is too early to say whether the unreliability of hedges will have a long-term effect on the markets and their volatility, though it is clear that the experiences of the last two weeks will be etched in the mind of traders in any case.

# Falling dollar diverts dealers' attention

BY OUR EUROMARKETS STAFF

THE TUMBLING dollar yesterday usurped the equity markets as the main focus of bond dealers' attention.

Japanese, West German and UK bonds benefited from the decline in the US unit against their currencies despite further sharp falls in worldwide equity markets.

US Treasury bond prices, on the other hand, eased even after substantial central bank intervention to shore up the dollar. Despite this, dealers thought a new lower range for the dollar would be established.

They said that in the current volatile conditions the long end of the bond market especially was vulnerable to a sell-off as investors sought safety in shorter-dated securities.

In the Eurobond market, trading remained light and nervous and dealers said that even in the non-dollar currencies investors were still mainly confining themselves to the government bond markets.

The Eurosterling and Euro D-Mark bond markets both achieved price increases, but they lagged behind those in the domestic bond markets. However, they proved enough to prompt two new issues, which met mixed receptions.

In the D-Mark market, Deutsche Bank launched a DM100m deal for News International,

INTERNATIONAL BONDS

marking the first issue by an entity of Mr Rupert Murdoch's media group in the D-Mark market. The proceeds are being partially swapped into other currencies.

Dealers said the company was not well known in West Germany and the terms looked tight. However, it was quoted within its two per cent fees at less 1¾ bid by the lead-manager, and less 2 bid elsewhere.

The five-year bond carries a 6⅝ per cent coupon and is priced at 99½.

In Eurosterling Barclays de Zoete Wedd, inspired by the strength of sterling and the gilt market, launched a £50m five-year deal for McDonald's Corporation.

The 9¾ per cent bond, priced at 101½ to give a yield margin of 45 basis points over the comparable gilt, looked reasonable. But dealers expected sales to be tough in the current market conditions.

It was quoted by the lead-manager at less 1.85 bid, just within the 1⅞ per cent fees.

The other new bond of the day was a Y20bn five-year issue for Chugoku Electric Power, which lead-manager Morgan Guaranty said was the first "plain vanilla" floating rate note for a Japanese borrower in Euroyen.

The par-priced issue, paying ⅛ point over six-month London interbank offered rate, traded at less 0.25 bid, the level of its total fees.

In active trading in the D-Mark domestic bond market, prices rose initially by about ¾ point after the dollar had fallen below DM1.75, and further gains of about ¼ point were achieved by the end of the day. The average yield fell to 6.36 per cent.

D-Mark Eurobonds on average rose by about ½ point, although rises in selected sovereign issues matched those on domestic bonds.

In the Swiss franc foreign bond market, price changes were mixed in average turnover. A SFr50m 5¼ per cent bond for Wako Chemicals closed its first day's trading at 100¼, compared with a par issue price.

Wirtschafts-und Privatbanken led a SFr100m 5¼ per cent 10-year bond for Steiermark, the Austrian province. The callable deal is priced at 100½.

Banque Internationale a Luxembourg launched a LFr700m bond for Sommer Allibert, the French plastics company. The five-year 7½ per cent bond was priced at par.



# Complex package of FRNs to be launched

By Clare Pearson

MERRILL LYNCH Europe and First Bank System Capital Markets are expected to launch today a complex $140m issue of floating rate notes backed by outstanding perpetual FRNs, World Bank zero coupon bonds and a surety bond from Financial Guarantee Insurance Company, a US insurance company.

The Bank of England has confirmed that banks under its supervision holding the new bonds will not have to deduct them from their own capital, Merrill said yesterday.

Merrill said the issue was intended to attract new investors to the perpetual sector rather than just relieve existing investors of their holdings - the intention of the last repackaging launched by J. Henry Schroder Wagg in July, which evoked little interest.

The bonds, most of which pay interest at the equivalent of London interbank offered rate (Libor) plus ⅜ per cent, finally mature in 50 years' time though they are effectively 10-year securities because of a par-priced put option.

But investors may exchange their bonds for the underlying perpetuals and the World Bank zero coupon bonds at any time on payment of a 1 per cent fee.

Merrill said this structure protected investors from any fall in the market value of the perpetuals, while enabling them to benefit from any improvement in the underlying perpetuals and the growth of the zeros.

Floating rate note specialists said yesterday the FRNs as 10-year securities looked expensive.

One dealer said: "The success or failure of the issue hinges on the value investors assign to the running exchange option.".

Specialists added that the deal was too small to aid the overall liquidity of the $18bn perpetual sector, while its complicated structure would make it hard to imitate.

The issuing vehicle is Guaranteed Investments, a Cayman Islands company. This holds the issue's six separate tranches, each secured on six different bank perpetual issues, and thetailor-made zero coupon bonds which provide collateral for the principal of the new bonds.

But both principal and interest are also guaranteed by FGIC, so that the issue is expected to be awarded a triple-A rating from the US rating agencies.

The issuers of the perpetuals were Bank of Scotland, Banque Nationale de Paris, Lloyds Bank, Royal Bank of Canada, Societe Generale, and Canadian Imperial Bank of Commerce. The bonds created out of CIBC's issue will pay Libor plus ¼ point.

First Bank of Minneapolis, an affiliate of First Bank System Capital Markets, has undertaken to buy the perpetuals back at the put date.

Merrill said that to comply with US bank regulations First Bank also had the right to call the new bonds after the second year. But the call is priced two points above the bonds' par value, and the investor can override the call by taking the underlying perpetual and zero.

Merrill said it intended to do most of the transaction itself, though it expected to invite as co-managers the six other houses still active in the secondary market in perpetuals.

# Dean Witter pulls out of Eurobond trade

By Alexander Nicoll

DEAN WITTER Reynolds yesterday became the latest victim of the shake-out under way in the Euromarkets when it announced that it was withdrawing from Eurobond dealing and dispensing with 14 traders and salesmen.

Mr John Liegey, a managing director, said the growing illiquidity of the Eurobond market had become a matter of concern to the firm. The market was overcrowded, with too many market makers for the amount of business, particularly as demand for Eurobonds from retail investors had been absent for some time.

Dean Witter has not been among the larger Eurobond houses, making markets in about 450 dollar fixed-rate issues. It joins a number of other banks with medium-sized operations in the Eurobond market which have curtailed their operations this year.

It will retain 20 people dealing in fixed income securities in London, out of a total London staff of about 250, and will concentrate its fixed income business in US instruments: Treasury bonds, money market instruments, futures and options and corporate and mortgage-backed bonds.

© Salomon Brothers, which this month announced it was cutting 150 jobs in London as part of larger worldwide staff reductions, said yesterday that it had recruited Mr Nicholas Garrow from Morgan Grenfell to head its European mergers and acquisitions activities.

# CME's local traders set to make their absence felt

BY DEBORAH HARGREAVES IN CHICAGO

BEFORE LAST week's stock market crash, Mr Barry Haigh had cut down his exposure in the Chicago Mercantile Exchange's Standard & Poor's 500 index futures contract to 10 per cent of his involvement six months ago.

"I could see it coming," he says. "The market was jittery and the brokers in the pit seemed frightened."

Mr Haigh, who is a big local trader in the S&P 500 futures and who recently warned of a crash in his book, West of Wall Street, says he took a lot of ribbing for his doom-mongering. But there are certainly several locals who now wish they had followed his lead.

In last week's wildly swinging futures market, Chicago's indigenous community of local traders - those who trade primarily for their own account - have been first hit.

This is likely to affect the long-term involvement in a contract like the S&P 500 futures, which has traditionally relied on some 200 to 300 locals to provide liquidity.

Of those locals, usually comprising from a quarter to almost a half of the pit's population, less than 50 were left in the ring at the end of last week.

Their absence is clearly visible in the S&P 500 futures pit, which is usually packed tightly with wildly gesticulating traders. Parts of the floor are now to be seen in the busy pit, as well as a few remaining locals with looks ranging from shell-shocked to comatose.

Many of the absent traders have moved off into other contracts like the CME's Eurodollar or currency futures, while others have been forced to sell their seats to recoup losses.

The rush to sell exchange seats almost turned into a stampede last week when more than 100 seats were sold on Chicago's three futures and options exchanges.

Seat turnover was such that the Chicago Mercantile Exchange went to the lengths of tacking a tear-off roll of numbers to the door of the membership office, alongside a notice


Moving on: traders in S&P 500 futures eye other markets

requesting seat buyers and sellers to take a number and wait in line.

Locals, long the stuff of legends in the futures industry, have often been renowned for their high earnings and flamboyant lifestyles.

The exchanges, with their staunchly defended free markets, have provided many a lucrative opportunity for those with the money. Indeed, the local will make his or her money, and often a handsome profit, by taking a purely speculative position in a market where a move of a couple of points can be worth several hundred dollars.

However, that risk can also turn sour, as many traders found out during the wild stock market swings.

While the dust has not yet settled sufficiently to work out how much individuals and brokerage firms lost in last week's markets, estimates put the figure for losses by traders at the Chicago Board Options Exchange at anything between $100 and $150m.

Mr Haigh considers losses by locals alone from the CME's S&P 500 pit could be in the millions.

The market's free fall also looks likely to change the approach of many participants. Many of the younger traders, in a market where the average trader's age is 30, have been pulled up sharp by the carnage.

Mr David Isbister, a CME local, says: "A lot of traders who came in in the last five years never knew what a bear market was."

Mr Haigh adds: "The people you don't hear so much about are those traders who, because of luck or some split-second decision, were able to save their careers."

After having their confidence in the market shaken, traders "are going to be a lot more cautious in future and you are definitely not going to see the same sort of freewheeling atmosphere there was three weeks ago."

Some traders feel the big institutions, busy offloading contracts into the market, have taken it for granted that the pit would always be full of locals rushing to buy. Others are more pragmatic, admitting that many locals did not have enough capital to cope with the market's buffeting.

One trader commented: "It used to be that a local trading a few hundred contracts would risk a couple of hundred dollars. But now that risk is $1,000 to $2,000 and you don't find a lot of takers."

The CME's margin requirements have risen since last week, but many brokerage houses are imposing their own margins, which are much higher than those of the exchange.

"There is no doubt this is going to have a deleterious impact on the liquidity of the pit in the long run," said one Chicago observer. "The S&P 500 futures is currently trading way below its usual volume and many traders think it will take a long time for it to get back to normal."

# FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on October 28

US DOLLAR STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price change... On day 0 on week +2¾

YEN STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

OTHER STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

FLOATING RATE NOTES

| | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

DEUTSCHE MARK STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

CONVERTIBLE BONDS

| | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SWISS FRANC STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price change... On day +0 on week +0¾

* No information available-previous day's price

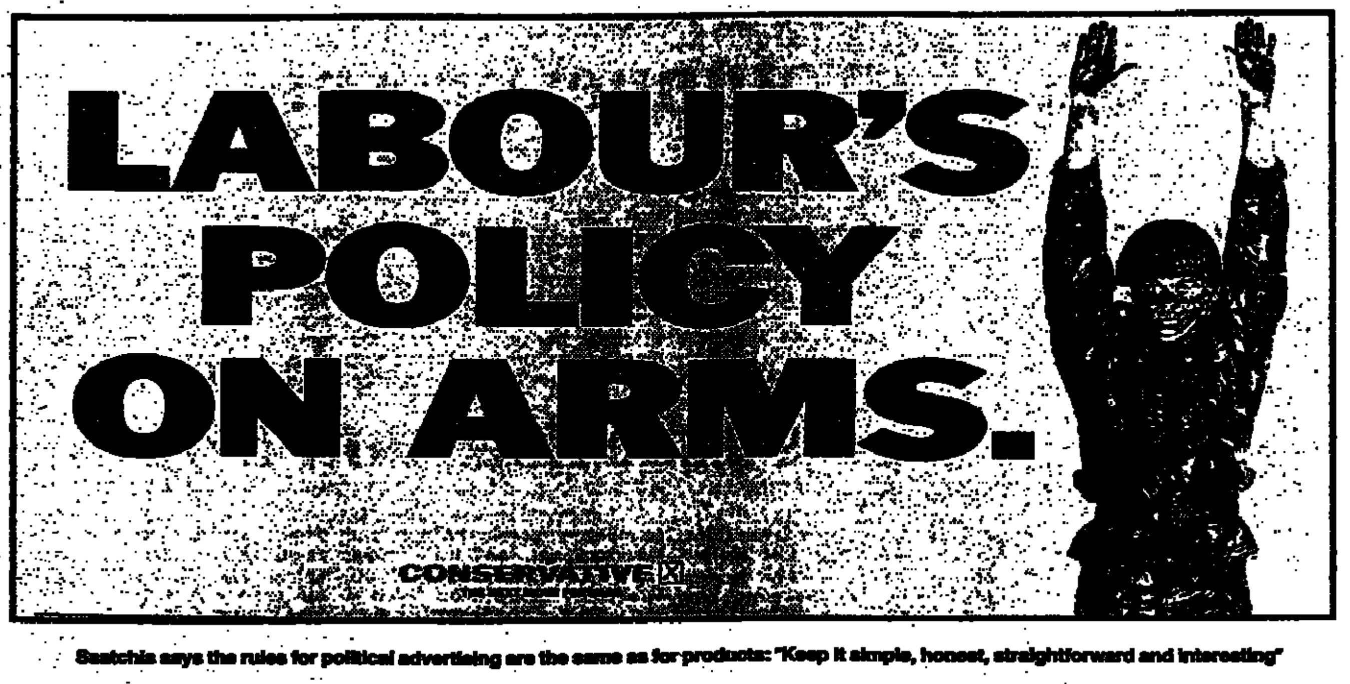
† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; [illegible]

Floating Rate Notes: [illegible]

Convertible Bonds: [illegible]

# MANAGEMENT: Marketing and Advertising




Saatchis says the rules for political advertising are the same as for products: "Keep it simple, honest, straightforward and interesting"

## Voting with their feet?

**Feona McEwan reviews the recently terminated Saatchi/Conservative Party relationship**

SO THE WORLD'S largest advertising agency has watched its most famous account walk out of the door.

Whether Saatchi and Saatchi, agents to Britain's Conservative Party for the past nine years, jumped or felt the push coming, is a point that will be for ever debated; the official story is that Saatchis opened the door and the Tory party walked out.

What cannot be disputed is that the two have been good for each other. The agency has helped Mrs Thatcher win three elections in a row and in so doing is widely judged to have advanced the art of political advertising. Saatchi, meanwhile, has grown from middle-sized domestic agency to global communications conglomerate with annual pre-tax profits of over £100m.

Why then the split?

"Saatchi has been moving into business areas which are bringing us increasingly into contact with government and government regulatory authorities. We are conscious that this might open the company, public authorities and Ministers to misrepresentation." Thus wrote Maurice Saatchi to Mrs Thatcher last week. "We intend to play a significant commercial role in developing new broadcasting initiatives such as DBS and you will be aware of our interest in the financial services sector," he added. Commercial links with the party could only complicate the task of all concerned.

In her reply two days later, the Prime Minister paid tribute to the Saatchi connection. "We have worked together successfully, with the government carrying through policies which are right for Britain and with Saatchi presenting our policies skilfully and effectively."

But observers are more sceptical. The last election campaign was a far from happy one for Saatchi. There were many fingers in the promotional pie, a doubting client, and different factions claiming responsibility for rescuing a faltering campaign.

Fur was ruffled when it became known that the former Saatchi chairman, Tim Bell, a personal friend of the Prime Minister, was called in by Lord Young, the then Minister for Employment, to help out towards the end of the campaign. Other admen were involved, too, including from Lowe Howard-Spink and Bell (where Tim Bell is now group chief executive) and the American agency Young and Rubicam, which had offered help on the research front.

In some quarters the split is seen as a case of getting out before the Tory climate (and for climate read party chairman) changes. If the favourite - Lord Young - were to succeed, the agency could find itself out of favour.

So what did go wrong? True to form, no one at Saatchis is saying. Nor does the agency accept the terms of the question. Saatchis' deputy chairman, Jeremy Sinclair, who has been closely involved with the account since the beginning, draws parallels with family relationships.

The first year you are seen as an independent apolitical advisor, he says. By the third time, like it or not, you are part of the scenery, part of the family. The inference is that families are quite prepared to treat each other in a cavalier fashion.

Whatever the truth, the liaison has been the most enduring of its kind in British politics and has set the course for the future direction of political advertising.

Dave Trott, creative director of Gold Greenlees Trott, the agency behind the SDP campaign in 1983, believes Saatchis set a precedent. It was the first, he says, to treat a political party as a product. That way it stayed ahead of the competition - which tended to appoint advertising consultants at election time - "by three years and 10 months. The other parties have still not cottoned on to this," he says.

He makes the analogy with a manufacturing company. Imagine United Biscuits, say, deciding to advertise just once every four years, going flat out for six weeks and then wondering why it failed to make an impression on the market. "Saatchis and the Tories understood that voters are committed gradually; politics isn't something that they think about once every four years."

John Hegarty, creative director of Bartle Bogle Hegarty, and former Saatchi acolyte, agrees with Trott in principle. "The 1979 campaign was outstanding. People said political advertising was different, but Saatchis said no. They tackled it like any other product. I was there when they applied those techniques to other non-commercial bodies like the Health Education Council and charities... What's the product, what's its message and how should it be executed?"

Saatchi's Sinclair says: "The rules are the same as for product advertising. Keep it simple, honest, straightforward and interesting." Problems come when clients, whether political or any other, want to multiply the message.

The Saatchi/Tory relationship was carefully defined at the start in 1978, when Mrs Thatcher was Leader of the Opposition.

Saatchis stipulated that one man should be the conduit for all dealing. That man was Gordon Reece, the Conservative Party's director of communications, who had "a marvellous nose for what would interest the media." He was an enthusiast, he was efficient and he didn't interfere. By contrast, this year there was no director of communications and many observers believe the eventual discord was the result of too many advisors having a say.

Another Saatchi innovation was to be involved across the whole communications programme. Its major contribution was in paying more attention to other aspects of promoting the party, including party conferences, local and European elections, party political broadcasts and literature, maintains Winston Fletcher, chairman of Delaney Fletcher Delaney and former advisor to the SDP. "In the early days they got under the skin of the Tory party," he says, "largely due to the influence of Tim Bell." Indeed, most insiders credit Bell's role as pivotal.

For advertising writers like Sinclair and his team, the job of selling a political party was manna from heaven. "It was virgin territory," he recalls with a gleeful smile, referring to the "dreary party politicals" that had gone before. "Nobody had ever treated them like ads before."

The first party political broadcast in May before the 1979 October election was a departure from the talking heads and vox pops that voters had grown used to. To the strains of Land of Hope and Glory, the theme was that Britain used to be great. Today, it continued, Britain was famous for discouraging people from getting to the top, for paying the armed forces less and yet expecting them to do more - "instead of fighting for the country, they're fighting fires or emptying dustbins."

Perhaps the most striking was a cinema commercial - the first time anyone had taken political advertising into this medium - which featured queues outside a cinema. "Is this the queue for the 50p stalls?" ask a young couple. "No, it's the queue of the unemployed" comes the answer. The idea was to keep the message appropriate to cinema audiences - young, upbeat and amusing.

But not everyone is convinced of Saatchis' innovations. Winston Fletcher believes that the Saatchi influence was not as mould-breaking as they might have us believe. He cites the American tradition and earlier UK efforts.

Another dissenter is Barry Day, vice chairman of McCann Erickson Worldwide. Along with others like James Garrett, the commercials film producer, Day helped advise Heath in 1970. "While I admit to being biased," he says, "the mould-breaking occurred in 1970. We looked to the American precedent and used the commercial form for party politicals. We set the tone but Saatchis developed it. It's an evolutionary process."

Another device which both Labour and Conservatives used for this year's election, but which is also not original, is the biographical film. Day recalls the Heath version.

"Called A Man to Trust, it showed a shy man," says Day, "but said - look at his record: this is what he's done, here are his feelings, and eventually you could sense a sure winner coming through."

After that, Heath's personal ratings shot up, says Day. "We were doing what the Americans had been doing - whittling the broadcasts down to single messages."

Saatchis admits to an initial glance around the world to check what was happening on the political advertising stage. The US was more concerned with personalities, whereas in the UK issues are more central, says Sinclair.

Another ploy the Saatchis adopted was to exploit any help the Opposition unwittingly offered. The best known example of this was the 1978 dole queue poster that made Saatchi a household name, "Labour isn't working."

"It wouldn't have hit the headlines had not the Opposition promoted it," says Fletcher. It was the brouhaha stirred up by a furious Labour party that put it firmly in the spotlight. Cleverly too, the agency had used the poster during the summer recess of 1978 at a time when it is typical for a government's ratings to be at its highest. After the recess the Tories had an unexpected 2-3 point lead.

Labour learnt its lesson and during this year's election a directive was issued to party headquarters prohibiting public comment on the Opposition's advertising.

Last year, while the TUC was at its annual conference, Saatchis unleashed a party political broadcast which ran before the main news bulletin. If you think Labour is taking dictation from the unions, it insinuated, watch the news to follow. Sure enough, the headlines focused on the TUC conference.

"They stage-managed events," says Trott, "by pinning political broadcasts to political events. That way they spent the year telling people how to react to events."

When it came to party conferences, Saatchis also corralled the speakers. Rather than the confusion of myriad messages that filter out of such events, the agency saw to it that there was a clearly defined angle and made sure that each platform speaker conformed to that.

The question of who inherits the Saatchi mantle hangs very much on the choice of the next Tory party chairman. A posse of friends and advisors is all very well for a short-burst election campaign as the Labour Party proved this year.

But if the Tories have learned from experience that it is the long, slow-burn techniques of an ongoing campaign that work best for them, they are likely to plump for a single agency.

## A growing appetite for eating out

WHILE MORE and more people in the UK are spending less and less time in their kitchens - a consequence partly of the increasing popularity of convenience foods - not surprisingly, a growing number is choosing to eat out.

And whereas it was once the upper socio/economic classes who represented the mainstream of restaurant custom, the market has widened considerably in recent years.

Evidence of this is revealed in a new study* on eating out habits in Britain and by the growth in restaurant chains appealing to a wide spectrum of social classes. For example, Mecca Leisure, the fast-growing bingo, holiday centres and catering group, is today expected to announce the acquisition of five more restaurant sites throughout the UK which will help form the basis of the two new restaurant chains which the company is developing over the next two years.

Mecca is spending some £25m on the new chains: one aimed at the High Street middle-range market and called Sweeney Todd, and the other (as yet unnamed) scheduled as an out-of-town cafe-bar restaurant operation.

The company is not alone in expanding further in the restaurant business. The major brewers, faced with static beer sales and declining pub customers, have also become leading players in the eating out stakes.

Last month, for example, Berni Inns - part of the Grand Metropolitan group - announced plans to add another 100 restaurants to its existing 200-strong chain over the next few years.

As a consequence of eating out for pleasure becoming one of the fastest-expanding leisure pursuits of the 1980s, the market is now esitmated to be worth some £8bn a year.

The new study on eating out, by Gordon Simmons Research, shows that some 17 per cent of blue- collar workers (C1 in the socio-economic classifications) surveyed - covering 2,000 adults interviewed this summer - eat out at least once a week.

This compares with 13 per cent when the same study was carried out two years ago. Over the same period, however, the proportion of business and professional people (ABs) who eat out regularly has fallen from 18 per cent to 13 per cent.

"Eating out is not just a southern-based or up-market phenomenon," points out Michael Guthrie, chairman of Mecca Leisure. "There is a large market outside the south from people wanting to eat out in pleasant surroundings."

The growth in eating out has resulted from several factors. Leading these are changes in lifestyle - more working women, more single households, and the breakdown of traditional meal occasions, such as Sunday lunch, which has led to the growth of less formal snack-meals.

At the same time, consumers have become more willing to experiment with their lifestyles and the types of food they eat.

"I think the key influence has been the growth of overseas travel in the 1980s," says Guthrie. "It has made people more aware of different foods and cultures."

Consumers, moreover, have also become more aspirational in the 1980s. This has been reflected not only in shopping patterns - causing retailers to move up-market - but also in a desire to eat out.

Increasing disposable income for those in work, points out Glyn Jones from Gordon Simmons Research, "has also enabled people from lower down the socio-economic scale actually to carry out their aspirations." Where people eat when they go out is still largely traditional, according to another new survey**, this time from the Mintel research company. When asked what was the venue for their most recent meal eaten out, hotel restaurants emerged top of the list.

Hotels were followed by steak houses (like Berni Inns), traditional restaurants, and pubs. Ethnic restaurants such as Indian, Chinese, or Italian, came a long way down the list. Hamburger and pizza restaurants also came low on the list, probably because many people associate them with fast-food takeaways rather than a place to "eat out."

But the trend in the late 1980s is away from traditional restaurants towards those with a "theme", such as Mecca's cafe-bars or its new Sweeney Todd chain. "People are looking for a restaurant that reflects their lifestyles and gives them the sort of food they want in a well-designed environment," believes Guthrie.

** Eating out in Restaurants; Gordon Simmons Research, 80 St Martin's Lane, London WC2. £2,700.*

*** Leisure Intelligence Volume 2; Mintel, 7 Arundel Street, London WC2. £495 annually, £195 single issue.*

**David Churchill**

# International Appointments

# M and S up to £172m but disappoints market

BY ALICE RAWSTHORN

Marks and Spencer, the retailing group, yesterday announced an 11 per cent increase in pre-tax profits to £171.7m for the first half of the year. These results, which were slightly lower than the stock market's expectations, suffered from sluggish clothing sales in the spring and summer.

Lord Rayner, group chairman, said that clothing sales had been depressed by unseasonal weather in the late spring and early autumn. He, stressed, however, that the pace of trading had improved since the end of September.

In the six months to September 26 group turnover rose to £2bn (£1.9bn) and trading profits to £173.7m (£154.7m). The depreciation charge increased to £41.3m (£33.3m). The depreciation practice has been revised - this should ensure that the charge for the full year will be higher - but for the first half it was £1.8m lower than it would have been under the old practice.

Earnings per share increased to 4.1p (3.7p). The board declared an interim dividend of 1.55p (1.4p).

M and S also announced the appointment of two new main board directors. Baroness Young, until recently Minister of State at the Foreign Office, has become a non-executive director and is the first woman to join the board. Mr Tony Orton, who is responsible for store development, has become an executive director.

Within the UK, pre-tax profits rose to £164.9m (£152.4m). Sales of clothing increased by just 2 per cent to £863.6m, whereas foods sported growth of 8 per cent to £761.3m and homewares rose by 8 per cent to £185.8m.

M and S is now engaged in an expansion programme in the UK. Its new flagship store at Marble Arch in London opened late last month and the first "satellite" store to be devoted solely to food opens tomorrow in Pinner. The group increased its selling space by 155,000 sq ft in the first half, and plans to have expanded by 525,000 sq ft by the year end.

Most of the cost of this expansion was incurred in the first half, the benefits should filter through in the second. By the end of the year more than 70 per cent of the group's selling space will have been refurbished and some form of point-of-sale data capture will have been installed within every store.

There are now 1.9m Chargecard holders, compared with 1.3m at the end of the interim period last year. Similarly the proportion of sales conducted by Chargecard has increased from 11 to 13 per cent. The Chargecard venture should break even by the year end and become profitable next year.

Overseas, the turnover of the European stores - in Belgium, France and the Irish Republic - increased to £59.4m (£51.7m), while pre-tax profits from Europe rose to £7.8m (£4.3m). The North American division, which is composed of 200 stores in Canada, increased sales to £84.3m (£75.8m) and reduced losses to £1m (£1.7m).

Lord Rayner said that he "looked forward with confidence" to an improved performance in the second half, traditionally the stronger period of the group's trading year.

See Lex

# Cundell advances to £859,000

Cundell, the packaging company which came to the market in April through a placing which valued it at £22.5m, raised pre-tax profits from £830,000 to £859,000 in the six months to June 28. Turnover climbed from £13.95m to £16.26m.

After tax of £309,000 - down from £348,000 last time - earnings per 10p share worked through at 3.5p (4.8p).

Mr Brian Fix, chairman, stated that historically the second half was better than the first. In addition, the results for the second half would reflect a full half year's benefit of the flotation proceeds, which would result in a significantly reduced interest charge and no preference dividend.

A capital expenditure programme of more than £1.5m during the current year has already improved profitability, with the benefits accruing during the second half.

Sales throughout the group were currently above last year's levels and margins were now better than in the first half. He said that he was optimistic about the outcome of the first year and were seeking opportunities to broaden the group's business base.

Trading at Cundell Corrugated in Chelmsford was disrupted by the severe weather in January, resulting in cancelled orders and a consequent loss of profit. Brunel Cases at Swindon and Cundell Packaging (St Albans) suffered disruption to production because of moves into new factories but the resulting increased production capacity and efficiencies were already having a beneficial impact on profitability and sales were now improving.

La Belle Color, the litho-printing operation which started trading in February, had already contributed to profits in the first half. Laserline Dyes started trading in April. Both these new companies were expected to make a more significant contribution in the latter part of the year.

# English National Inv assets rise

English National Investment Company, investment trust, announced net asset value of 346.56p per £1 preferred ordinary share and 271.56p per 25p deferred ordinary share at the end of the half year to September 30. These compared with figures of 232.65p and 157.65p respectively on the same date last year.

The directors declared an interim dividend of 3.9p (3.7p) on the preferred ordinaries and one of 1.45p (1.25p) on the deferred ordinaries. After tax of £68,314 (£64,633), earnings per preferred ordinary worked through at 6.1p (5.4p) and at 3.65p (2.95p) per deferred ordinary.

They said that despite the recent turmoil in global stockmarkets the outlook for UK corporate revenue growth still appeared satisfactory.

# Salvesen in frozen food deal with Unilever

By Dina Medland

Unilever, the Anglo-Dutch consumer products group, is in negotiations to sell the distribution arm of its German frozen food manufacturing company Langnese Iglo, to Christian Salvesen, the foods distribution group.

The growing demand from the grocery trade for one independent distributor has led Langnese Iglo to transfer its distribution business, together with the employees working on it, to its newly formed subsidiary DEGES, Unilever said.

Christian Salvesen is negotiating to buy 75 per cent of DEGES, and Langnese Igo will continue to service the traditional ice-cream trade for Unilever. Mr Barry Sealey, managing director of Christian Salvesen, said the purchase, though not necessarily very important financially, would be "one of the most significant single steps taken by the company in the last year", providing a national distribution business for frozen food in Germany.

In July the company bought a majority shareholding in the Hamburg-based frozen food distribution company Agro.

Langnese Iglo distributes more than 200,000 tonnes of frozen products a year and provides a distribution service from 11 regional German distribution centres. The distribution operation employs around 1,000 people and has a fleet of 270 refrigerated vehicles.

An agreement is expected to be concluded in November. The purchase would take Christian Salvesen's capital expenditure this year to more than £100m, almost double last year's figure, the company said.

Christian Salvesen showed pre-tax profits of £41.98m (£38.78m) in the year ended March 31, with the Food Services Europe division showing growth of 30 per cent.

## St Ives deal approval

St Ives Group, the fast-growing magazine and book printer, has been cleared to proceed with its £45.1m acquisition of Burrups, the security printer, from United Newspapers without a reference to the Monopolies and Mergers Commission.

UK ISSUES AFTER THE CRASH

# Eurotunnel prospectus next week

BY RICHARD TOMKINS

Eurotunnel, the Anglo-French consortium building a tunnel under the Channel, will launch the pathfinder prospectus for its flotation on the London and Paris stock markets next Thursday.

The company plans to raise a total of £750m through a simultaneous offer for sale on both sides of the Channel. It insists that only a total collapse in world stock markets will delay its flotation.

Eurotunnel argues that its shares are not sensitive to the present-day state of the stock markets because their attraction lies in the income stream they will produce when the tunnel opens in 1994.

The offer for sale is expected to begin in the middle of November with an unveiling of the terms on November 16. Mr Alastair Morton, UK co-chairman of the consortium, yesterday left on a tour of Japan, the US and Canada to introduce the project to insititutional investors.

Eurotunnel says it has no reason to expect any particular difficulties over the underwriting of the issue in spite of the heavy losses facing the underwriters of BP's share offering. It argues that any lack of enthusiasm at this stage is understandable since institutions have yet to see the prospectus.

# Rights issue flops now look likely

BY NIKKI TAIT

A STRING of rights issue flops, which bedevilled the market during the relatively modest summer market shake-out, now looks to be an inevitable consequence of the current collapse.

In one sense, the picture is somewhat less gloomy than in August. According to brokers Wood Mackenzie, rights funding in July and August totalled over £3bn, and the figure for September alone - which saw the £837m Blue Arrow and £700m Midland calls as well as large sums raised by the likes of Pilkington and Capital and Counties - was similar.

Two months later - largely a reflection of the impending BP issue - the rights issue queue is relatively uncluttered. Although some 50 companies have issues outstanding, the vast majority are relatively modest calls from second-line stocks. The notable exceptions are the £254m issue by leisure group, Ladbroke, to help fund the $1bn purchase of hotels chain, Hilton International, and the £143m tap by merchant banking group, Kleinwort Benson. But even if the largest of the second-line issues are added in, the figures for outstanding calls barely tops £700m.

Nevertheless, casulties are already mounting. On Tuesday, Allied London Properties reported a 55 per cent take-up on its £40m issue of the convertible preference shares. Yesterday, it was the turn of Lloyds Chemist to reveal that existing shareholders have clawed back only 37.3 per cent of the shares issued in conjunction with two acquisitions; at Blenheim Exhibitions, clawback on a similar open offer was 24.4 per cent.

Never has the wisdom of deep discount issues — non-underwritten issues made at well below the market price — looked so persuasive. The success stories yesterday included Press Tools, where £1.9m was being raised at 80p, following the purchase of a 33 per cent stake by entrepreneur, Mr Greg Hutchings at 210p a share. With Press trading at 305p, almost 99 per cent of the rights issue was taken up. Also cruising in was Arley Holdings, the former Photax, whose £½m issue at 100p - against a current market price of 200p - saw a 94.9 per cent take-up.

But as a measure of current downturn, even deep discounts are no longer guaranteed protection. Pacific Sales Organsiation - one of the early summer's highest fliers after a consortium including Blue Arrow's Tony Berry acquired a 24.2 per cent stake - might have imagined that raising £3.75m at 200p, when its shares were quoted a twice that level would be chicken-feed. Yesterday, the rights issue closed with the shares trading at 218p in the market. "We believe it has been largely successful," say the somewhat relieved advisers.

But the major problems have yet to emerge. Next week sees the close of the Ladbroke issue, where the shares are trading a 298p against a rights price of 378p, and T. Cowie's £44.5m call (current price 106p against a 159p rights price); the following week will bring Peachey Property's £31.8m call (325p against 380p).

Still, fortunes can change: yesterday morning, the Kleinwort issue - at 450p against an opening market price of 403p, and which closes next week - looked to be firmly on the casulty list. By the afternoon, the price has shot up to 450p. Kleinwort itself had no explanation for the sudden surge, beyond suggesting that some shareholders might be buying in the market to maintain stakes without taking up their rights.

# Four more postpone market debuts

BY CLAY HARRIS AND DAVID WALLER

FOUR MORE companies yesterday postponed their stock market debuts following the crash in share prices.

The largest was Sotheby's Holdings, parent of the art auction group, which had planned to raise between $166m (£97m) and $187m (£109m). About 21 per cent of the total was to have been raised in a UK placing, with the rest to be offered in the US and other countries.

The others were London Forfaiting, the trade finance subsidiary of British & Commonwealth Holdings; TIP Europe, the trailer rental group; and Thornton & Co, the fund management group.

Another offer planned for the autumn, the flotation of Courage public houses by Elders IXL, the Australian brewing, financial services and pastoral group, also looks increasingly unlikely to proceed on schedule.

The indefinite postponement from a planned flotation in November will probably oblige Sotheby's to revise the pathfinder prospectus it published earlier this month. Later audited results would have to be included, and the offer prices are likely to be changed.

"The filing range of $23 to $26 was made a whole world ago," Mr Nicholas Legh of Salomon Brothers International, lead underwriter for the issue, said yesterday. "When market conditions improve, we're back on the road, but nobody can say when that will be."

London Forfaiting has postponed its planned flotation on the Unlisted Securities Market from November 11 at least until February. Mr Stathis Papoutes, managing director, said that current market conditions would create new opportunities for the company.

The flotation was expected to have raised up to £70m from investors, including £40m of new money for the company.

TIP Europe - Europe's largest trailer rental company - was set to have a market capitalisation of £100m after a dual listing in Amsterdam and London planned for next month. It had also intended to raise £25m, but has postponed its offer for sale until early next year.

Thornton & Co took the decision to postpone its flotation yesterday afternoon. It had planned to issue its prospectus on November 11 and was expecting a market capitalisation of more than £80m once it joined the USM.

Mr David Pinckney, finance director, said that it was pointless joining the market under present conditions. He added that funds under the company's management - worth about £1.2bn before Black Monday - were now worth a good deal less. "But we're strong, and we will survive."

# Bertam up to £342,000

Interim pre-tax profits of Bertam Holdings, investment holding company which has its main interests in rubber and oil plantations, improved from £234,000 to £342,000 in the half year to June 30.

The directors said the rubber crop had been in line with expectations while the crop of oil palm fresh fruit bunches had exceeded expectations, although monthly crop levels were now declining in line with the normal cyclical pattern.

Selling prices for both commodities maintained the improvement seen in the second half of 1986 and since the end of June rubber has improved further. Palm oil prices stand at around $350 per tonne, a marked improvement on the low point of $180 reached in July 1986.

The share of the related company, Sungkai Holdings, has declined as that company's property disposals have not been repeated in the current period.

Turnover in the half year rose from £519,000 to £685,000 and the gross profit to £233,000 (£28,000). Distribution costs amounted to £26,000 (£28,000) and administration expenses to £56,000 (£58,000) leaving operating profits at £151,000 (£58,000 loss).

Income from fixed asset investments totalled £50,000 (£103,000) and interest credit amounted to £41,000 (£25,000). There was a gain on the sale of fixed asset investments of £1,000 (£31,000) while the share of related company's profits fell from £133,000 to £99,000.

Tax took £153,000 (£79,000) leaving earnings per 10p share to emerge at 0.95p (0.78p).

# Irish Ropes profits move ahead

Irish Ropes announced taxable profits of I£337,000 (£304,000) on turnover of £14.02m in the nine months to June 27 compared with £75,000 on £12.63m in the six months to March 1986.

The company, which is based in Kildare, is involved in the making of carpets, industrial plastic products, wire products, cordage and synthetic fibres; the distribution of carpets, cordage, canvas and plastic sheeting; and the operation of cold stores.

The interim dividend is upped from 1p to 1.75p and after nil tax (£6,000), earnings per share worked through higher at 5.4p (1.8p).

The directors announced that they were selling the company's carpet division. The sale and the results for the nine months were included in the figures as an extraordinary loss of £4.7m. As part of the arrangements relating to the sale, the company would receive a subordinated £1.5m loan stock which is non-interest bearing. The directors decided to make a full provision against this loan, which has been included in the extraordinary loss.

They said that with the disposal of the carpet division, they expected the group to have satisfactory trading results for the 15-month period to December this year.

They were giving consideration to ways and means of strengthening the company's balance sheet. Developments taking place in the company's Newbridge plastics division included installation of highly automated cordage plant to reduce costs significantly. This would be completed early next month. The company's new plastic container project was on schedule.

CITY OF OXFORD Investment Trust: Net asset value stood at 105.9p per 5p share at June 30 1987 against 62.7p at the same time last year. Net revenue for the half year to June amounted to £218,256 (£216,287). Interim dividend maintained at 0.6p.

UNITYCORP TRUST: Net asset value per 50p share increased from 106p to 152.7p in the year to end-September 1987. A single dividend of 2.75p is proposed against an adjusted final last time of 2.66p for a total of 5.33p.

SPACE PLANNING Services: group's strong improvement had continued through the first quarter of its financial year, chairman said at the annual meeting. More fee-earning staff were being recruited and group was pursuing strategy of widening range of professional services.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding div | Total for year | Total last year |
|---|---|---|---|---|---|
| Chesterfld Prop ....int | 5.5 | Dec 30 | 5 | - | 13.2 |
| Elliott B ....int | 1 | Jan 15 | 1 | - | 3 |
| Eng Nat Inv ● ....int | 3.9 | Dec 9 | 3.7 | - | 10.45 |
| Eng Nat Inv ✣ ....int | 1.45 | Dec 9 | 1.25 | - | 5.55 |
| FR Group ....int | 1.62 | Dec 16 | 1.35 | - | 3.85 |
| Irish Ropes ★ ....int | 1.75 | Nov 30 | 1 | - | 4.56 |
| Kent (John) § ....fin | nil | - | 1.25 | 0.6 | 1.75 |
| Marks & Spencer ...int | 1.55 | - | 1.4 | - | 4.5 |
| PCT Group § ....int | 1.6 | Dec 11 | 1.6 | - | 3.6 |
| Rockware Group ...int | 0.5 | - | nil | - | 0.71 |
| Shiloh ....int | 1.75 | Dec 11 | 1.5 | - | 4 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ¶Unquoted stock. ○Third market. ★Irish pence throughout. ●On £1 preferred ordinary. ✣On 25p deferred ordinary.

# UK COMPANY NEWS

## B. Elliott profits double to over £1m midway

BY DAVID WALLER

B. Elliott, machine-tool and engineering company, yesterday announced a 99 per cent increase in its pre-tax profits for the six months to the end of September, giving further evidence of its revitalisation under a new management team.

Taxable profits rose from £542,000 to £1.08m on turnover up by 8 per cent to £33.1m. Earnings per share rose by over two thirds to 2.83p and the interim dividend was maintained at 1p. There was no rise because of "uncertainty in the world economy and the current volatility of financial market".

Mr Michael Frye, Elliott's chairman, said that the results reflected the regeneration of the company. Head office costs had been cut and the machine tools division - which accounts for half the group's turnover - had broken even after suffering losses last year.

Operating profits of £1.48m (£917,000) included a £300,000 contribution from two recent acquisitions, Weldon and JM Clarke. But by far the biggest generator of profits - accounting for 60 per cent of the total on just a fifth of the turnover - was the South African division.

The electrical engineering side performed well, whereas the general engineering division continued to be afflicted by losses at the Russell engineering business.

Mr Frye said that he was keen to make further acquisitions, particularly in the electrical engineering area. He had two or three targets in mind, he said, which would help reduce the group's dependence on South Africa.

**• comment**

As Mr Frye conceded yesterday, B. Elliott has a twofold image problem. It derives half its turnover from machine tool making and merchanting, one of the world's dowdiest activities, and yet gleans not a penny of profit from this source. Embarrassingly, the company gets well over half its profits from its South African steel-rolling activities. The only way forward would seem to be a combination of disposals of its machine tool merchanting businesses overseas and acquisitions of electrical engineering companies at home - it cannot possibly divest itself of its South African interests. Recent market conditions rule out the issue of great tranches of new equity, but the company's £5m rights issue in May leaves it relatively lowly geared, and with borrowing facilities undrawn. It should be in a position to pick up bargains for cash once the dust subsides. Its shares - down 7p to 70p yesterday - are on a p/e of 12 if it makes £2.5m in the full year. This is demanding, but the City has a lot of faith in Mr Frye and his management team.

## Hogg pays £6m for Chancellors Property

By Nick Bunker

Hogg Robinson, the travel, transport and financial services group, announced one of its biggest estate agency acquisitions to date yesterday with the news that it has agreed to pay £6m for Chancellors Property Services.

Chancellors has 15 offices in London, Surrey, Berkshire and Hertfordshire. It made pre-tax profits of £500,000 in the year ending April 8, after a 45 per cent increase in turnover to £3m.

The firm takes about 55 per cent of its revenue from commission on house sales, with 33 per cent from professional fees and the rest coming from sources including auctions and lettings.

Hogg plans to satisfy the consideration via the issue of 2.24m new shares and by a payment of £500,000 in cash.

If approved by an extraordinary general meeting of Hogg shareholders on November 16, the deal will give the group a total of 92 estate agency outlets.

Mr Brian Perry, Hogg's chairman, said it was also in talks with a number of other estate agency firms which could enable it to exceed 100 outlets in the near future.

Hogg still has about £38m left out of the proceeds of the capital-raising share issue it made at the time of its demerger this summer from Hogg Robinson & Gardner Mountain, the insurance broking group.

## British Land sale

British Land, the property investment and development group, has agreed to sell its Dutch and French investments to its partner Wereldhave for Fl 45m (£13.3m).

The directors considered that it was appropriate to dispose of its interest in successfully matured properties on the agreed profitable basis. New investments in both countries were being pursued.

## Bruce Judge nurses £2m loss over Goode Durrant

BY CLAY HARRIS

Mr BRUCE JUDGE, the New Zealand entrepreneur who had planned to relinquish his role as the largest shareholder in Goode Durrant, was last night nursing a loss of more than £2.1m after the finance, motor distribution and housebuilding group's chairman forced him to buy 3m shares in the midst of last week's stock market crash.

Devon Associates, beneficially owned by Mr Michael Waring and his family trusts, last Tuesday exercised a "put" option requiring Hong Kong-based Impala Pacific to buy the 3m shares at 238.5p. Goode Durrant shares closed yesterday at 168p.

Impala, whose obligations were guaranteed by Ariadne Australia, Mr Judge's master company, bought itself out of having to buy an additional 1m shares by paying Devon £650,000.

The transaction keeps Ariadne as Goode Durrant's largest shareholder, with a total of 17.9 per cent. Mr Judge had been in the process of reducing his stake from 41.5 per cent to 11.7 per cent by placing shares through Barclays de Zoete Wedd.

The sale reduces Devon's stake from 12.3 per cent to 6.5 per cent. It says this is a long-term investment.

Although the exercise of the "put" option will increase Ariadne's interest temporarily from 41.5 per cent to 47.6 per cent, the Takeover Panel has waived the requirement that it make a general offer at the 238.5p so long as the BZW placing is completed by November 30.

## PCT suffers a downturn at six months

PCT Group, a USM-quoted power tools, welding and lifting equipment supplier which swung from losses of £666,000 to profits of £406,000 pre-tax for 1986 recorded a slight downturn for the first six months of 1987.

However, the directors said the second half had started well with a continuing recovery in sales levels.

Group turnover for the first six months declined from £9.33m to £8.21m and at the pre-tax level profits slipped by £56,772 to £223,406 after taking account of a £47,152 fall in interest charges to £284,053.

Tax was reduced to £3,679 (£24,337) leaving net profits at £219,727 (£255,841).

There were minority credits of £6,555 (debits £3,152) together with extraordinary credits of £640,482 (nil).

Earnings per 10p share emerged at 5.1p (5.7p) and the interim dividend is a same-again 1.6p.

## Sumrie shares advance

Shares in Sumrie Clothes, the struggling Leeds textiles company, rose 10p yesterday to close at 103p on the news that the businessmen who took control of the company in July had increased their share holdings in it.

Mr D.G. Sinclair, chairman of Sumrie and of City and Westminster Investments, bought a further 10,000 shares in the market while City and Westminster acquired the same amount. The acquisitions were made at an average price of 98.5p a share.

Mr Andrew Greystoke, the chairman of City and Westminster Financial, who has been appointed an additional director of Sumrie, yesterday acquired 500 shares at an average price of 105p a share.

The acquisitions take the aggregate stake held by these parties up to 29.48 per cent of Sumrie, which will hold its annual general meeting today.

## Peel buys more Leopold Joseph

Peel Holdings, the Rochdale-based property company, has raised its stake in merchant bank Leopold Joseph to 444,500 shares, representing 8.45 per cent.

Mr Peter Scott, deputy managing director, said yesterday that Peel has no intention of launching a bid, and that the Joseph shares were purely an investment. Peel had liquidated a investment portfolio, spread across 50 or so companies, in March this year. "Now we have reinvested the cash, taking larger stakes in a smaller number of companies".

Since March, Peel has bought a 13 per cent stake in Trafford Park Estates, and 10 per cent of the Mersey Docks and Harbour Company.

## United Spring talks suspended

Two spring manufacturers, United Spring and Steel Group and Ratcliffe Industries, yesterday suspended merger discussions until stock market conditions stabilise.

United said that before last week's crash, the companies "had not been a million miles apart" in their discussions.

Ratcliffe and United were brought together for talks in mid-September by BBA, the motor components and industrial materials group which has stakes in both.

Since the stock market fall, Ratcliffe's shares have suffered more than those of United. Its shares were 140p last night, against 280p before Black Monday. United's were at 87p last night, against 140p.

## COMPANY NEWS IN BRIEF

EL ORO Mining & Exploration Company (investment dealing): Pre-tax profits for six months to June 30 1987 up from £629,000 to £945,000. Tax £316,000 (£220,000) leaving earnings per 10p share of 13.94p (9.06p).

EXPLORATION Company (investment dealing): Taxable profits for the half year to June 30 1987 rose to £1.22m against £731,000 last time. Tax £412,000 (£256,000) and earnings per 5p share 6.73p (3.94p).

J.W.SPEAR: Allied Entertainment Financial Services has acquired a further 27,500 shares, not 36,500 as reported yesterday.

ELDERS IXL confirmed that a subsidiary had raised its stake in Greene King, the Suffolk brewer, to 5.34 per cent.

YEARLING bonds totalling £0.5m at 9½ per cent, redeemable on November 2 1988, have been issued by the following local authorities: Tamworth (Borough of) £0.25m; Eastbourne Borough Council £0.25m.

REED INTERNATIONAL confirmed that its US subsidiary, Reed Publishing, is buying Variety from members of the Silverman family and completion is due by the end of the month.

GREENWICH RESOURCES' offer for United Goldfields of Australia has been accepted by holders of over 56 per cent of the shares and has become unconditional. Greenwich now holds over 75 per cent. Holders of 5.6m United shares opted for the share offer of four Greenwich for every 11 United, and holders of 639,850 have opted for a mixture of shares and cash. The offer remains open until November 16.

KETSON said contracts had been exchanged to sell Blue Star Garages and two adjoining properties in Finchley, North London, for £1.65m in cash. The properties consist of a petrol station and office premises, and in 1986 produced a contribution to group revenues of approximately £80,000.

WILLS GROUP has disposed of its importing business, which concentrates on selling ladies' and children's clothing, footwear, luggage, glassware and ceramics, to Lionel de Haan, a wholly-owned subsidiary of Unidoor, for in excess of £900,000.

## Rockware moves ahead to £2m and restores interim

BY FIONA THOMPSON

Rockware Group, manufacturer of glass and plastic bottles, saw 1987 get off to a good start yesterday with half year pre-tax profits up from £193,000 to £2m and the announcement of an interim dividend, 0.5p, for the first time in five years.

Sales for the six months to June 28, 1987, were £58.88m against £55.83m for the same period last year.

The UK glass container market, and Rockware with it, was heavily hit in the early 1980s with the advent of high quality plastic containers.

"The market has remained static for the past four years and, in real terms, the price of glass containers has fallen by 10 per cent in the last five years," said Mr Frank Davies, chief executive. Price rises came through for the first time this year.

Rockware responded to the downturn by more than halving its glass workforce from 6,000 to 2,200, expanding its small plastics division, and, in the past six months, adding a third leg by the acquisition of three printing and packaging companies.

Glass still contributes the bulk of operating profits, £1.18m this time against £1.04m. Rockware has 25 per cent of the UK glass container market.

Plastics contributed £773,000, a 30 per cent rise on last year's £595,000. "This is where we are making our main thrust," said Mr Davies. The company makes containers for roll-on deodorants, shampoos and creams.

Engineering, the mould-making and foundry business, contributed £174,000 (£109,000), and the small international consulting division £8,000, compared with a £413,000 loss last year.

An exceptional credit of £869,000 (£515,000) was due to a reduction in pension contribution offset by redundancy payments. The tax charge rose from £182,000 to £469,000 due to the reinstated dividend. Earnings per share were 1.73p, compared with a 1.83p loss last year.

Frank Davies, Rockware chief executive

### •comment

Frank Davies came to Rockware in 1983 aiming to turn the company round and decrease its dependence on glass. Yesterday's figures, with 45 per cent of *profits from non-glass activities*, show he is well on the way. This January's £24.2m rights issue freed the management from debt and started the acquisition ball rolling. The Ken Stokes (business forms) Group is viewed as a particularly good purchase, and its full year contribution (results are not included at this interim stage) is expected to help boost Rockware's full year pre-tax profits to about £10m. Glass will, as always, make a much stronger second half contribution - all those summer lagers and Christmas whisky bottles. The shares closed 4p down yesterday at 82p, putting them on a prospective p/e of about 12. There are cheaper companies in the sector, but, in these times, a quality, cash generative company without overseas exposure looks pretty good.

## Hanson extends closing date for Kidde offer

BY NIKKI TAIT

Hanson Trust, the industrial conglomerate, is again extending the closing date for its $1.7bn tender offer for New Jersey-based Kidde by three days - from Friday November 6 to Monday November 9.

It does, however, now hold just over 50 per cent of its target's shares.

The new delay, according to Hanson, stems soley from the plan to separate out Kidde's temporary services division ahead of the merger between the two main groups.

Shareholders in Kidde are being offered shares in a new company - Interim Systems Corp - which will own that division.

However, documents explaining the business, management and operations of the new group required approval from US watchdog, the Securities and Exchange Commission, and Hanson says the latest hiccup has resulted from a *hold-up* on this score.

"It's not in our control," commented the bidder in London yesterday.

That approval has now been given and the documents were due to be mailed to Kidde shareholders yesterday. Under the spin-off, they are being offered one Interim share for each Kidde held. In the year to end-June, Kidde's temporary services division had sales of over $125m and pre-tax profits of $7m.

Hanson, meanwhile, says that the total number of Kidde shares tendered - together with its own interest in the US company - now account for 50.1 per cent of the US company's equity.

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DUNLOE HOUSE Group (Irish-based property investment and development group): Pre-tax profit of I£248,415 (£222,000) in six months to June 30 1987 against loss of £38,288 for comparable period. Turnover £894,063 (£173,122). Earnings per share 1.11p (loss 0.91p).





## Harland Simon buys Vickerys

By Dina Medland

Harland Simon, a Milton Keynes-based company making computer control systems mainly for the newspaper industry, has conditionally agreed to buy Vickerys Holdings for between £2.5m and £4.03m in cash.

Vickerys supplies doctoring equipment, which removes waste and foreign matter from high speed cylinders in paper making and printing machines. Sales of this equipment accounted for 84 per cent of the company's turnover for the year-ended March 31.

Harland will pay £2.5m on completion of the purchase, with a further £1.52m dependent on the company's pre-tax profits for the year ending March 31, 1988.

Vickerys reported pre-tax profits of £364,000 on turnover of £4.7m, 67 per cent of which was derived from exports, in the year-ended March 31. Net tangible assets at that date amounted to £905,000.

The addition of Vickerys' network of overseas agents "*will provide significant* benefits in the form of market intelligence which should lead to orders from Vickerys' client base for Harland Simon drive control equipment," the company said.

Mr David Maheny, Harland chairman, and Mr Roy Ashman, chief executive, will join the board of Vickerys.

Harland came to the stock market in June through a placing valuing it at £18.6m. Pre-tax *profits were £1.5m on turn*over of £10.8m for the year to March.

## Property sales stop John Kent falling into loss

John Kent, USM-quoted men's clothing retailer, returned profits of £859,000 pre-tax, including property disposal profits of £830,000, over the 52 weeks ended July 25 1987. Turnover totalled £15.82m.

The figures compare with £1.1m, £118,000 and £17.22m respectively for the 61 weeks to July 26 1986.

The directors said the results were unsatisfactory and reflected poor trading conditions and unseasonal weather coupled with a number of *stores closed for refit.*

The final dividend is being omitted (1.25p) leaving shareholders with 0.6p (1.75p) for the year. Earnings per 5p share emerged at 5.22p (6.38p).

Operating profits fell to £35,000 (£1.05m for period) before taking account of net interest charges of £106,000 (£61,000).

Tax fell to £233,000 (£407,000).

### Shiloh boost

All-round satisfactory growth helped Shiloh, the textile, spinning, disposables and protective clothing group, to boost taxable profits from £494,919 to £897,914 in the half year to October 3. Turnover rose from £6.73m to £7.72m.

The interim dividend is lifted to 1.75p (1.5p) from earnings per share of 11.49p to 16.03p.

The directors said Shiloh's progress should continue in the second half provided the fall on the stock market did not undermine confidence in the economy.

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SAVILLE GORDON: Annual general meeting will be held on Thursday, October 29 and not the following day as reported in *Monday's Financial Diary.*

## Chesterfield Props. falls 22% at halfway

Chesterfield Properties, the property investment and development company which in August made a £29.1m issue of convertible cumulative preference shares to aid development plans, saw taxable profits slip back 22 per cent in the first half of 1987.

On turnover up sharply from £6.48m to £8m, profits fell from £3.87m to £3.02m. The directors declared an interim dividend of 5.5p - compared with 5p last time - to be paid from earnings per share down from 12.65p to 11.52p. Tax charges dropped from £1.34m to £727,000.

The directors said that the sharp rise in rental income - up from £5.02m to £6.51m - reflected the company's recently completed developments at New City Court, London; The Exchange, Aylesbury; and the expansion of the Bransholme Centre, Hull.

They contributed more than £1.3m of the increase, with the balance reflecting rent reviews on other investment properties. Rental expectations for the areas where a substantial proportion of Chesterfield's investment portfolio is situated were improving and, together with the expected increase on completion of the current development programme, a substantial portion of which is pre-let, would in due course further increase the company's revenues.

As a result of the increase in interest charges - £308,000 to £2.02m - as a consequence of the retention of the newly completed developments, and the poor results of the group's entertainment activities, the directors said that the first half was an unreliable guide to the likely outcome of the full year.

## Stormgard losses trebled but borrowing cut to £3m

BY MIKE SMITH

Stormgard, the troubled textiles group, yesterday reported pre-tax losses up by more than three times and sharply reduced turnover for the six months to September 30.

Borrowings, however, were much reduced following a series of disposals. At the end of the year to March 31, debt was about £10m, resulting in gearing of 150 per cent, but this has since been reduced to under £3m.

Meanwhile shareholders' funds have been maintained, with the pre-tax loss of £690,000 (£193,000) more than offset by a £700,000 extraordinary credit - most of which came from the sale of the Taylor Merrymade subsidiary in May.

Losses per share were 0.52p (0.15p) and there will be no dividend payment.

Mr John Murray, who during the period took over the chairmanship from Lord Lever, said that the interim results represented a significant turnaround from the preceding six months to March 31, when pre-tax losses were £4.48m.

With a much stronger balance sheet and borrowings of less than half of shareholders' funds the group could build on the three divisions it retains.

The fashion and fashion accessories divisions made losses but the knitwear and fabrics and nets divisions were profitable.

Recent disposals include: the lingerie lace manufacturing business for £1.24m, of which £790,000 was received this year; Taylor Merrymade for more than £2.5m; and the fabric and nets division for about £7m.

The losses were made on turnover of £16.85m (£24.36m).

## Rothschild buys in shares

BY NIKKI TAIT

J. Rothschild Holdings, investment holding group, is continuing to buy in its own shares. Yesterday, the company announced that it has bought 736,066 shares at 130p, having declared the purchase of just under 2.5m on Tuesday. The company now has 299.9m shares outstanding.

Yesterday, Rothschild said that the latest purchases represented "the continuation of our programme of buying in our shares", rather than any snap reaction to market conditions.

Between 1985 and July 1987, the company bought in 131m shares at a total cost of £160m - having secured shareholder approval for the purchase of up to 154m shares.

At the company's annual meeting in August, new powers were approved allowing it to purchase another 54.2m shares, at prices of between 25p and 500p.

## Steetley in double buy

Steetley, *construction materials* group, yesterday announced two acquisitions.

Steetley Quarry Products, through its French subsidiary Garon-Bedel, has bought Douanne, a quarry and ready-mixed concrete plant operator, for about £10m. The purchase further strengthens Garon-Bedel's position in the area south of Paris, following its recent acquisition of Le Maitre.

Its subsidiary Steetley Brick & Tile has bought KF Brick Company of the US, which has plants in Connecticut and Massachussetts and claims to be New England's leading supplier of facing bricks, for "well below £10m", the company said.

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SINCLAIR GOLDSMITH Holdings: Trading in group's current financial year was encouraging, chairman told shareholders at the annual meeting. Agency work was benefiting from a substantially increased client base and a record number of instructions and projects.

# UK COMPANY NEWS

## FR advances to £10m and optimistic about growth

**FR Group**, formerly known as Flight Refuelling (Holdings), *made further progress during* the first six months of 1987 and for the period saw its profits rise from £7.2m to £10.1m pre-tax.

The main benefit stemmed from a £2m increase in interest income at £2.5m. Operating profits improved by £0.9m to £7.8m.

Turnover pushed ahead from £46.1m to £55.7m, an advance of almost 21 per cent - the group is a specialised manufacturer of equipment for the aircraft, energy and electronics industries.

The directors said there had been significant expenditure on private venture development and marketing. This was associated with the development of a number of new business opportunities with the FR Group.

They believed that current sales, together with business *opportunities ahead, provided* grounds for continued optimism for future growth of the group.

Earnings for the opening six months worked through at 9p (7.7p) after tax of £3.5m (£2.5m).

Shareholders get a 0.27p lift in their interim dividend of 1.62p.

There was *no profit* contribution during the half year in respect of Carleton Technologies, US-based manufacturer and supplier of electropneumatic control systems and components for the aerospace and defence industries, acquired in August.

Following the purchase earlier this year by British Petroleum of Hitco of the US negotiations were entered into which resulted in the sale to BP of the group's 51 per cent interest in FR Hitco.

Consideration for the sale was £861,000 together with the repayment of an inter-company loan.

### • comment

FR Group yesterday joined the growing list of solid companies announcing excellent re*sults* that are ignored in the market's relentless pessimism, with its share price plunging some 30 per cent from a high of 440p earlier in the year. As FR becomes ever bigger, it may be hard to maintain quite the speed of growth seen in recent years, and a fall in margins from 15 to 14 per cent reflects in part a squeeze by contractors. But prospects for the company appear solid, with a good order book, plenty of cash, and a strong position as a specialist supplier in the defence field. Relative to others in the sector, its niche position looks well protected from intensified competition for defence contracts. The shares have never been cheap, and are unlikely to be so relative to the market even after equity prices settle down. But this year's projected pretax profits of £23m are likely to be followed by further increases in subsequent years and this would make the shares attractive as a long term holding.

## BOARD MEETINGS

*The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.*

**TODAY**

*Interims*- Airflow Streamlines, Burtonwood Brewery, Blackett Hutton, Capital Gearing Trust, Horace Clarkson, Globe Investment Trust, Jantar, PLM.

*Finals*- Bennett and Fountain, Britax, Frederick Cooper, J. Smart, Tysons (Contractors).

**FUTURE DATES**

*Interims*-

| | |
|---|---|
| Hartwells | Nov 9 |
| Hazlewood Foods | Nov 11 |
| Hunting Group | Nov 6 |

*Finals*-

| | |
|---|---|
| Brasstock | Dec 17 |
| Klark-Teknik | Nov 11 |
| Low (William) | Nov 6 |
| Welcome | Nov 12 |

APPOINTMENTS

## Changes at RTZ

THE RTZ CORPORATION has appointed **Mr Don Bailey** as general manager, major projects, which include two copper projects (Neves Corvo in Portugal and Escondida in Chile), and the new gold mine, precious *mineral prospects and exploration* activities in Brazil. He will also be responsible for Rio Tinto Minera, Spain, RTZ Technical services, and the company's exploration acitivities. **Mr George Beals** becomes general manager, UK operations, responsible for RTZ's interests in Anglesey Aluminium, Capper Pass and Crnon Consolidated, and RTZ Computer Services. **Mr Jonathan Leslie** is appointed strategy manager *responsible* for strategy and new projects, and also for RTZ's interest in Rio Tinto Zimbabwe.

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HONEYSUCKLE GROUP, *Leeds, has appointed* **Mr Peter Levine** as a non-executive director. He is a partner with solicitors Teeman Levine & Co.

*

**Mr W.M. Gabitass**, has been appointed chief executive of the SWISS BANK CORPORATION'S London office, with the rank of executive vice president. He will be replacing **Mr R.E. Amstad** who is to retire at the end of December.

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**Dr Michael Flynn**, chief executive and founder member of British pharmaceutical company, the TIL group, has been appointed a director of Australian investment bank, WESTERN CAPITAL.

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**Mr Mike Illsley** has been appointed managing director of PAYNE PACKAGING, Nottingham, a Norcros group company, *in succession to* **Mr Graham Cooper**, who has become marketing director of Autotype International, another Norcros company. Mr Illsley was chief executive of Reed Carbonless Papers.

*

P.C. HENDERSON, Romford, has appointed **Mr David Parry** as manufacturing director. He was works manager.

*

**Mr Kevin Ingham** has been appointed financial director of GRANT MICRO.

*

**Mr Anthony J. Newnham** has been appointed a managing director of DEWEY WARREN *AND CO., Lloyd's brokers.*

*

LAND SECURITIES has appointed **Mr Donald H. MacKeith** as finance director. He was group chief accountant, and is a director of Land Securities (Management) and Land Securities (Finance). **Mr James I.K. Murray** has become group chief accountant.

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SHEERWAY TECHNOLOGY *GROUP, which was formed* when Siemens acquired Kongsberg Subsea Developments, has appointed **Mr Alan Manning** as managing director. **Mr Paul Towers-Perkins** remains engineering manager, and **Mr Richard Luff** becomes business development manager.

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THE ROYAL BANK OF SCOTLAND has appointed **Mr John Dickson** as assistant general manager, UK banking, in succession to **Mr Dennis A. Allen**, who is retiring early for health reasons. Mr Dickson will be responsible primarily for the branches in the City. He was assistant general manager, treasury, where he is succeeded by **Mr Hugh A. Macdonald**, who was senior manager, treasury, at 67 *Lombard Street.*

*

MCGREGOR CORY has appointed **Mr Peter J. Machin** as director of sales, a new post. He was group marketing manager for Ferrymasters. McGregor Cory is part of Ocean Transport and Trading.

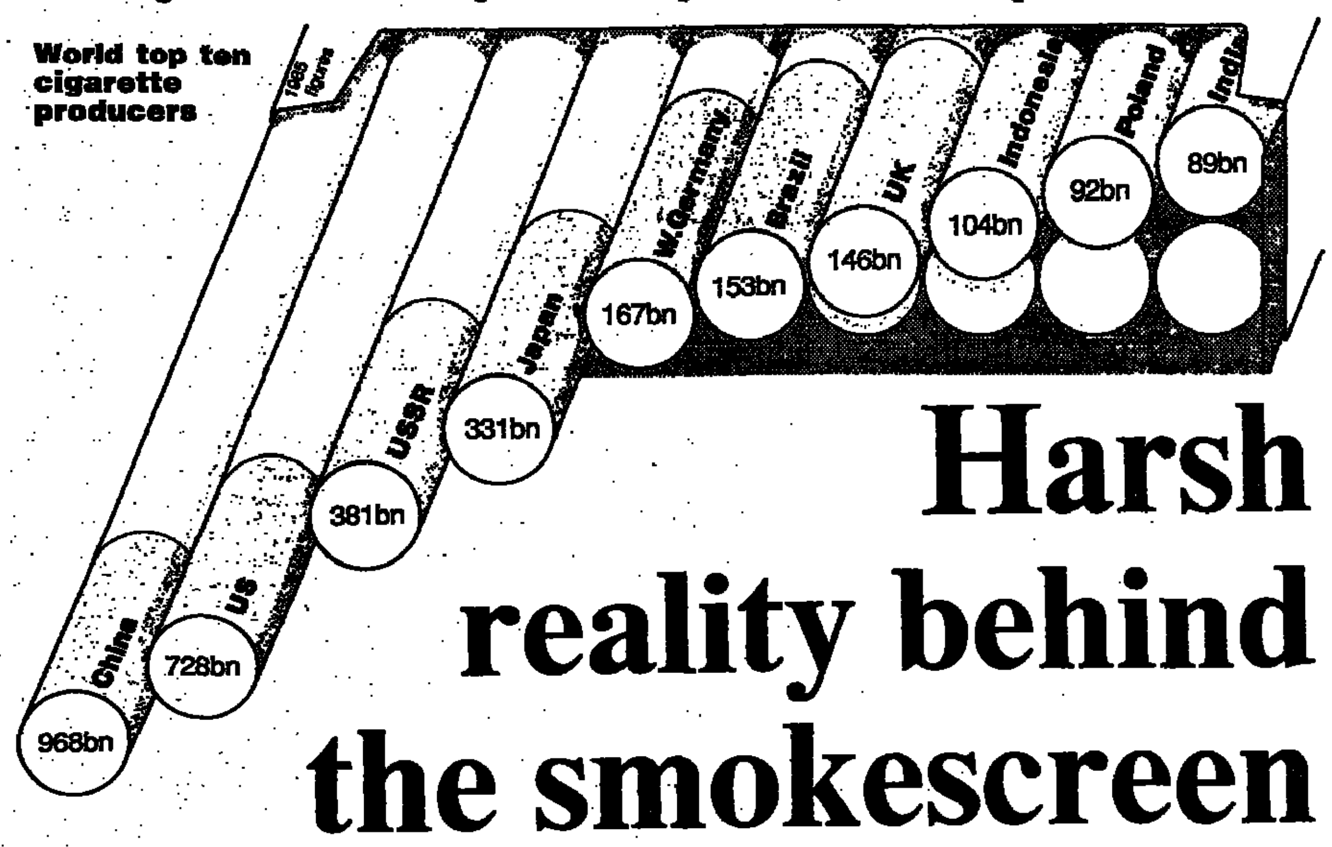
## Delta chief executive designate

**Mr Robert Easton** has been appointed deputy chief executive of the DELTA GROUP from January 1. He will become chief executive on January 1 1989 with **Mr Geoffrey Wilson**, now chairman and chief executive, remaining chairman. Mr Easton was appointed managing director of the industrial services division in 1984 and joined the group board in 1985.

## TECHNOLOGY

**Nick Garnett explains how leading manufacturers of cigarette-making machinery are battling to dominate a fiercely competitive market**

# Harsh reality behind the smokescreen




A DEVICE that endows the teenager with cosmetic sophistication. A soothing and pleasant crutch for frayed nerves. A drug that kills.

The cigarette is one of the most ubiquitous consumer products in the world. Dispensed from machines, handed out over shop counters, sold in gigantic packs at airports, it is a *true traveller across cultural boundaries.*

Banned it may be from many public places and advertising billboards, but production of the cigarette shows no sign of stumbling. The top ten cigarette producing nations alone are churning them out at the rate of well over 3,000bn a year.

This sounds like a heavenly recipe for manufacturers of the machinery that makes, wraps and packages cigarettes. There is not even a competitor in site for the end product their machines are built to make in such vast quantities.

But the reality of life in this business is much harsher than all this implies. The cigarette-making and packaging machinery industry is one of the most fiercely competitive machine making sectors. Three European companies, Molins in the UK, Hauni in West Germany, and, for some types of machinery, GD of Italy, find themselves in face-to-face conflict right across the globe. Other companies like Sasib in Italy, a full-line machine producer but with a much smaller share of the market than the big three, and Focke, a German packaging equipment maker, are also highly competitive producers.

Neither the Japanese nor the Americans are serious exporting competitors and are showing no signs of becoming so. That is fortunate for the Europeans because the competitive environment they are working in is already nerve-jarringly severe.

The tobacco companies are themselves locked in a cut-*throat battle for survival and* have no conscience about dumping this pressure right into the lap of their equipment suppliers. As a result the fight between the machinery makers covers the whole gamut of business life, from marketing to after-sales service.

One of the principal battlegrounds though is technology. In the sophisticated markets of the West, this has come down to the machine's ability to pour out cigarettes at ever faster speeds with no compromise on product quality. Fall too far behind on speeds and you are in trouble.

Molins and Hauni have spent the past 15 years leap-frogging each other in this high-tech battle to get the edge on speed. In the early 1970s, Molins had the advantage with machines producing 4,000 cigarettes a minute, against Hauni's 3,500.

In the early 1980s, Hauni got its neck in front, the Hamburg-based company, recently renamed Klerber, reaching 7,000 cigarettes a minute before its British competitor achieved similar levels of production.

Now Molins has eased ahead with its Mark 10 machine rated at 9,000 cigarettes a minute, just in front of Hauni's Protos machine at around 8,500.

### Worrying move

GD, the Bologna company specialising in packaging machinery has recently introduced a machine for making cigarettes which, it claims, can produce at the rate of 10,000 cigarettes a minute, though the machine has yet to enter service.

This could prove to be a worrying development for both Molins and Hauni. However, GD is handicapped by not having a machine to make the filter tips and is, at the moment, studying ways of linking up Hauni's filter making equipment to its own cigarette making machine.

Machine speeds are not always the be-all-and-end-all of life. In some third world markets, slower machines - which all the major machine makers still produce - are still the norm. Some of these machines are rated as low as 3,500 cigarettes a minute, the most common machines in the world operating at about 6,500. In a country like Australia with a small internal market but a large proliferation of brands, very high speed machines would be producing cigarettes at a volume that would harm the flexibility required in changing brands on the machine.

One of the major headaches for machine builders is that as speeds rise, tobacco companies require fewer machines to produce the same volume of cigarettes. Machine speeds are actually rising faster than demand. This adds to another difficulty facing machine manufacturers. Roger Higham, customer services manager for one of the production divisions at Molins says tobacco companies are looking to raise their investment programmes from around four years to about ten, which would further reduce the volume of machine sales.

Volumes are already small. For example, Molins, based at High Wycombe near London, made between 70 and 80 cigarette-making machine systems last year and around 20 packaging cells.

Companies, though, must stay in the speed race or face a loss of market share. Cigarette making and packaging is a complex business. Production cells are made up of separate cigarette and filter making machines with sophisticated inspection equipment. The Molins Mark 10 will cost a tobacco company about £520,000. Packaging systems are even more complex with separate but interlinked machines for unloading cigarettes, packing them together, wrapping the packs with cellophane covers and then applying an overwrapper to the cartons of cigarette packets.

*Packaging machines* are also increasing in speed but, in many ways, the main technological thrust has been on the cigarette making machine itself.

Mechanical engineering throws up few problems, says Higham. The Mark 10 has about 10,000 components and among these are a large number with rotary motion, like bobbins and belts. "Making things turn faster is not difficult. It is a simple process really. It increases noise and wear rates but in engineering that can be controlled."

Instead the main tools that permit speed increases are electronic devices which allow increasingly sophisticated quality monitoring of what is happening within the cigarettes as they are made at such rapid speed, and within the machine's operations themselves.

"The biggest problem is controlling the sifting and sorting of tobacco, the movement in the machine's airstream and the formation of good knitting characteristics within the tobacco, with correct weight and uniform filling. In other words, a better understanding of how you are making the cigarette."

This is not easy because smoking characteristics are partly governed by exactly how

### Tobacco carpet

the tobacco fills the cigarette. Tobacco companies are using less and less tobacco for every cigarette but retaining taste through a better understanding and use of airflow and heat movement through the cigarette. A good tobacco structure has to be maintained, however, or the cigarette will fall apart.

In the Molins Mark 10, the machine receives processed tobacco into its hopper which carries out sifting and reconditioning before the tobacco is transported to another part of the machine which forms the tobacco into sections.

This is done by taking tobacco strands, transporting them in an airstream and attaching the strands by suction to a moving belt, creating a tobacco carpet of 8mm to 10mm square. This is trimmed to provide the correct weight ratio of tobacco.

The tobacco is then introduced to the cigarette paper. The paper is fed from a bobbin carrying 6,000 metres of paper and which is changed very nine minutes. The paper is brought up to what is called the rod forming area. The tobacco carpet *is fed onto the* moving layer of paper, then, with fixed forming guides, the paper is wrapped round the tobacco, changing the square section into a round one. Adhesive is applied, and sealed by machine-generated heat.

What you have now is an endless rod of cigarette which, in the Mark 10, is moving at 648 metres per minute.(The Italian GD machine uses a twin rod configuration). The rod is cut into double cigarette length portions and the filter is added by mechanical assembly. Double length filters are automatically moved from the filter machine and inserted between the double length cigarettes. Filter tip paper is then wrapped around, the lengths cut into individual cigarette portions and a "tip turner" then swivles every second cigarette so they all emerge from the machine in correct formation for packing.

Pumping out cigarettes with the correct quality at the rate of more than 4.3m cigarettes per machine every eight hour shift requires very efficient electronic measuring.

For example the Molins machine has an inspection unit which applies suction in order to measure airflow and tobacco density, and will reject any cigarette outside required calibrations. There is also a device with a radioactive core. By measuring the absorption rate of the beam from this core passing through each cigarette as it speeds in front of the beam, a further check on density is made.

This device checks trends. If the cigarettes under production are getting too heavy or too light an electronic signal is then relayed to the mechancial cutters which trim the tobacco carpet.

The machine building industry is also making increasing use of sophisticated cameras for examining the structure of cigarettes and the process of actually making them.

One process that has not changed is the manual loading of bobbins onto the machines. In the most advanced plants which might have more than a hundred cigarette making cells, one operator usually handles two machines. Such is the pressure on machine builders, however, that fully automated bobbin loading will almost certainly be introduced.

# Outline of Britain's high-tech mirage

By Peter Marsh

THE APPARENT success of many small UK high-technology companies is a mirage, according to a US study*.

The report, from a science-policy specialist at the Massachusetts Institute of Technology, puts the blame squarely on Government policies. It says that a lack of management expertise means that many new high-tech concerns are starved of the resources they need to grow.

The small companies also suffer from the dominance of big companies which soak up much of the available Government support and which, often, have very little contact with the smaller fry.

"The overall impact of state policy has been to further undermine the possibilities for *small high-tech enterprises in* Britain," says the report.

The study, by AnnaLee Saxenian, a researcher at MIT's Department of Political Science, emphasises in particular the position of the 400 or so high-tech companies in the Cambridge area, which is Europe's largest concentration of technology-based concerns.

In recent years, science-oriented companies in the region have appeared at the rate of 30 a year, many of them spin-offs fom established enterprises. "Upon closer examination," says Saxenian, "the promise of Cambridge and its scores of high-technology businesses disappears like the Cheshire cat's grin".

Roughly half the Cambridge concerns have annual sales of less than £350,000, says the report, and the *most successful* have typically failed to stay independent, selling out to foreign companies. "Growth, either of individual enterprises or of the region as a whole, has thus proven elusive, despite the high rate of new company formations."

The growth difficulties experienced in Cambridge are explained not by the personal characteristics of the people running the companies nor by the attributes of the region but by "the larger context in which these enterprises operate," according to Saxenian.

Problems include a lack of domestic demand for high-technology industrial and consumer goods. "In Britain....those sectors which rely heavily on electronics inputs, such as automotive, data processing and instrumentation, are all in varying degrees of crisis. Even relatively healthy British enterprises have been slow to invest in technological change."

The military sector, which is well-established in Britain, as a result of the Government's high capital and research spending on defence, is difficult for small companies to break into, says the report. These difficulties are made worse by the lion's share of Government purchases of defence equipment going to large, well established electronics companies such as Marconi, Ferranti and Plessey.

At the same time, the high defence research and development spending, which accounts for roughly half the Government's research budget, effec*tively ties up many talented scientists* and engineers in military programmes, rather than making their skills available more widely in the economy.

Other difficulties for small, high-tech companies include:

- Insufficient management expertise to feed into technology-based companies. Saxenian cites Inmos and Acorn as two UK companies with first-rate technology products but which have failed commercially, at least partly due to the management difficulites.
- Lack of a technological infrastructure. Britain has become increasingly dependent on imports for technical know-how, while companies frequently complain about shortages of skilled people.
- Attitudes of large companies. *Due to cultural and general* management reasons, many big high-tech companies are unlikely to make more than minimal contact with smaller concerns, by working on joint research or in sharing out Government orders.

The problems are hardly decreased, says the report, by broad Government policies in defence and telecommunications which have favoured the big concerns, while schemes like the Government's Alvey programme in advanced electronics have also failed to direct enough cash to emerging companies.

*The Cheshire Cat's Grin: Department of Political Science, MIT, Cambridge, Massachusetts 02139.

# COMMODITIES AND AGRICULTURE

## Prospectors hamper Indonesian gold rush

HIGH COSTS and potential conflicts with timber companies and illegal miners are standing in the way of Indonesia's drive to become one of the world's leading gold producers by the end of the century, reports Reuter from Jakarta.

"Indonesia has the right rocks," says Mr Geoff Glazier of Associated Surveys International. "Gold is everywhere in Kalimantan [Borneo]."

But in Kalimantan and the other islands in the vast Indonesian archipelago where gold is to be explored, "people's miners" seem to be everywhere, too.

Indonesia spurred a gold rush after signing 34 new exploration contracts with mostly Australian firms on Saturday. Another 26 should be signed by the end of the year, bringing the total number of gold contracts since 1985 to 103.

Mr Kosim Gandataruna, general manager of P. T. Aneka Tambang, Indonesia's state mining company, said an estimated 100,000 traditional miners pose the biggest problem to mining firms.

Mining companies have complained that swarms of the miners invade their concessions when word of a strike spreads through the jungle.

Probosutedjo, president director of P. T. Mercu Buana, one of the firms that signed a mining contract on Saturday, said the Government should protect gold explorers from timber firms blocking access to huge tracts of tropical forests. "Forestry concessionaires only have the rights to cut trees," he said. "They have no right to occupy or cultivate land."

Other mining executives said costs of working in remote jungles could be high. "Costs are going to be fairly big because of the remoteness of some of these areas," Mr John Grover, a Singapore-based attorney who handled 20 of the mining contracts, said in an interview.

"A lot of these companies won't be in commercial production for years. Gold prices are stable now, but it's interesting to see what the stock market crash will do," Mr Grover said. Mr Glazier did not think remoteness was a big drawback. "Communication is not a problem these days even in jungle, especially when you can bounce data of [Indonesia's] satellites. You have desktop computers that can do the gold analysis cheaply," he said.

Mines and Energy Minister Subroto said in a speech to Australian mining officials earlier this week that Indonesia could be the world's fifth largest gold producer within a decade.

Mining representatives here are equally bullish and say Indonesia has more than enough gold deposits to produce 150 tonnes a year, a figure also mentioned by Subroto.

To put that in perspective, South Africa, the world's leading gold exporter, produced 649 tonnes in 1985 followed by Canada with 95 tonnes, according to Shearson Lehman Brothers. Indonesia produced 3.3 tonnes in 1986.

But prospects are glittering enough for 44 foreign firms to risk capital in a fledgling dustry despite Indonesia's notorious high-cost economy.

"Australian gold averages about three to four grams a tonne," Mr Gregory Reudavy of Aerodata Holdings, an aerial survey firm, said. "Here you're talking ounces per tonne. But it depends on how easy it will be to get things done."

Environmentalists are concerned about potential damage to Indonesia's tropical forests, the world's second largest after Brazil. The 103 exploration contracts cover an area of some 20m hectares, about 10 per cent of Indonesia's land area, most of it in tropical forests. The Australian firms want to introduce open-pit mining to produce alluvial gold, which would leave huge gaping holes in the ground.

## Virgin Islands plant to produce ethanol

By Canute James in Kingston

A BAUXITE REFINERY in the US Virgin Islands, which was closed two years ago, has been reopened by an Australian firm which is converting it to produce ethanol for the US market.

Chemical Fuel Corporation, a subsidiary of Biocom International of Australia, is spending US$16m to convert the refinery, previously owned by Martin Marietta of the US. It will initially dehydrate imported alcohol to produce the ethanol.

Fermentation and distillation facilities are to be added next year when the plant is expected to reach full capacity, using 350,000 tonnes of fermentable sugar to produce 50m gallons of ethanol per year.

## China to subsidise sugar producers

CHINA IS to subsidise sugar beet and sugar cane producers to boost sagging output, Reuter reports from Peking.

The official Economic Information newspaper said the subsidies would be paid direct to the farmers who grew and sold the crops.

The central Government would bear the cost of the subsidy, and ex-factory, wholesale and retail prices of sugar would not change.

The official press has reported worsening shortages of sugar. Domestic consumption rose 17.7 per cent in the first eight months of 1987 over the same 1986 period, while sugar output fell in nearly all the main growing areas.

The last official estimate put 1986-87 output at 4.82m tonnes, down from 5.24m a year earlier.

Customs figures show China imported 1.23m tonnes of sugar in the first nine months of this year, up from 813,891 tonnes in the same 1986 period.

## Food industries urged to step up research spending

BY BRIDGET BLOOM

THE AGRICULTURAL and food industries which get the main economic benefit should contribute more towards research and development, according to Mr John MacGregor, the British minister of Agriculture.

The Government's commitment to agricultural research and development, some £200m last year, was substantial but its resources were limited, the minister said.

Addressing the annual luncheon of the Bacon and Meat Manufacturers' Association this week, Mr MacGregor said he hoped for an early and positive response from the industry on increased contributions to R & D. That would help to avoid the risk of the UK losing out on technical advances which were being achieved elsewhere.

The minister was speaking only days after the Institution of Professional Civil Servants claimed that the Government was planning to cut some £60m from the farm research budget over the next two years, which could result in the loss of 3,000 jobs.

The IPCS claim was described as speculative by the Ministry of Agriculture, which, however, acknowledged that a review of government funded agricultural R & D was underway as part of a review of government R & D in general.

Baroness Trumpington, junior agriculture minister, yesterday repeated Mr MacGregor's theme in a speech to the Horticultural Trades' Association, which last year formed a Development Council to administer industry funds for research.

Industry funding of R & D was "part of a wider public expenditure policy of removing from Government expenditure items which the private sector could reasonably be expected to pay," she said.

The Government would continue to fund longer term and "public good" research, like that related to environmental protection, but believed that "producers ought to contribute to the cost of applied R & D, much of which can be expected to be of direct economic benefit to the industry," Baroness Trumpington said.

## Brazil in Italian orange juice venture

BY RIK TURNER IN SAO PAULO

BRAZIL'S ORANGE juice industry is planning to form an association with its counterpart in Italy for the installation in that country of a blend station as part of its strategy to lobby for a reduction in the EC's 19 per cent surcharge on imports of the Brazilian product.

According to Mr Mario Branco Peres, president of the Brazilian Association of Citrous Juice Manufacturers (Abrassucos), the association is negotiating with the Italian association Assitrap with a view to jointly installing a plant at which Brazilian juice would be blended with the native Italian product. Such an agreement, Mr Peres added, would both open the Italian market to Brazil and improve the lot of the Italian industry, which suffers from lack of quality in its domestic product. Most important of all for Abrassucos, "we would have Italy as an ally in our efforts to reduce the surcharge," he went on.

The EC is expected to be Brazil's largest consumer of orange juice this harvest (July-June), according to Mr Peres. "We will sell about 400,000 tonnes of concentrate into Europe this year," revealed the Abrassucos president, adding that, due to a very low stock position at the beginning of the harvest plus poor yields due to lack of rain, the industry expects to produce no more than 750,000 tonnes of concentrate from this crop, meaning that some 350,000 tonnes will be available for export to the US, even though "there is potential demand for 400,000 tonnes in the States."

With Europe and the US currently taking almost all of Brazil's exports, Mr Peres said his association's other main concern besides reducing the EC surcharge is in developing new markets, with the Soviet Union and Japan currently its prime targets.

In the case of the Soviet Union, where the problem is the generation of hard currency to pay for any juice imports, Mr Peres revealed that three Brazilian companies (Cutrale, Citrossuco and the local subsidiary of Cargill) are finalising plans to install an apple juice facility in the country in association with the Soviet Government and Sweden's Tetrapak (which will provide the technology). The idea is to produce apple juice for export to Western Europe, using the hard currency earnings from this operation to pay for Brazilian orange juice. In the case of Japan, he said the Brazilians are negotiating for an expansion of their quota, from 25,000 tonnes to 40,000 tonnes of concentrate.

## Oversupply of iron ore takes its toll

Chris Sherwell looks at the problems faced by Australian producers as Japanese steelmakers tighten the screw

TWO DECADES of boundless optimism in the vast Pilbara area of north-western Australia are giving way to sombre resignation as the world's richest iron ore region is overtaken by the harsh reality of an over-supplied international market.

At Mount Tom Price and Paraburdoo, Hamersley Iron's two mines in the red and rugged hinterland, annual output is being cut from 40m to 30m tonnes. Staff are being retrenched for the first time and tough new union agreements have been negotiated to reform outdated work practices.

At Dampier, the company's deep-water port 300 kms away, some 14m tonnes of iron ore is already heaped in costly stockpiles because of reduced purchases. One of the seven 2 km-long, 200-wagon trains which haul the ore is being stopped.

Hamersley Iron, part of the CRA mining group, is feeling the chill more than its main competitors — BHP's Mount Newman operation and Peko-Wallsend's Robe River mines—because of cuts it has suffered from its Japanese steel customers.

Last year Hamersley shipped 35m tonnes of the 38m it produced (total capacity is a whopping 47m tonnes), and Japan, its most important customer, took just under half. This year Hamersley will ship only 28m tonnes, and Japan will take just 10m tonnes.

This is a sore point. Earlier this year suggestions emerged of an international cartel of five iron ore producers, linking Hamersley, Mt Newman, LKAG of Sweden and MBR and CVRD of Brazil. The troubled Japanese steel mills reacted sharply, and Hamersley is the one suffering.

The producers say discussions arose not over prices but because of the longer-term implications of the tough Japanese attitude.

Certainly if there were moves towards a cartel — something the producers deny emphatically — they came to nothing. Japan bought Indian ore at low prices, while Mt Newman secured satisfactory sales by settling quickly and Robe River, which anyway has Japanese equity, held its own. So Hamersley, which took a harder line by refusing to settle first or at any price, has borne the brunt of the Japanese switch.

It now feels that it is suffering from a Japanese belief that, because it is a tough price-setter and industry anchorman, it can be treated more aggressively and can withstand more pain.

The country which stepped into the breach, India, has lower costs than Australia, where the industry is partly state-owned, and a need for foreign exchange. Over the past four years Indian gains in the Japanese market are reckoned to have matched Hamersley's losses almost exactly.

Beyond this consideration, however, is the reality of the internationally traded iron ore market, in which Australia is the biggest exporter.

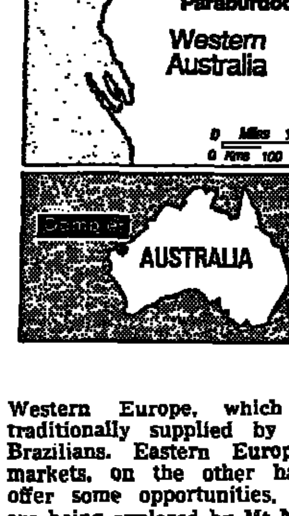
World steel output, though increasing, is doing so mainly in countries like Brazil with indigenous iron ore resources, or through electric arc technology, which uses scrap steel instead of ore-consuming blast furnaces.

As a result, Hamersley calculates that the excess supply of iron ore of around 48m tonnes which was seen in 1985 may rise to double that level by 1990.

In Japan itself, where a strengthening yen has altered conditions further, both steel output and iron ore imports are forecast to be significantly lower on an exchange rate of Y142 to the US dollar. At Y120 the forecast would be even gloomier.

Japanese steel producers have meanwhile adjusted their ore purchasing techniques too, choosing to take an annual view and put their requirements out to tender—something India exploited well—rather than depending on long term contracts at fixed prices.

The gloom is duplicated in




Western Europe, which is traditionally supplied by the Brazilians. Eastern European markets, on the other hand, offer some opportunities, and are being explored by Mt Newman in a link with Mr Lang Hancock, a magnate whose wealth was built on Pilbara iron ore leases.

In contrast South Korean and Taiwanese markets are likely to improve over the coming three years, although not sufficiently to offset the Japanese losses.

China is another bright spot. In June Hamersley and the China Metallurgical Import and Export Corporation signed a deal worth some A$4bn (£1.66bn) over 10 years to develop the Channar deposit near Paraburdoo.

Australian producers would benefit further if the local currency resumed the downward drift seen after it was floated in 1985. To the dismay of exporters like Hamersley, the currency strengthened after a floor was put under it a year ago. Although the current market crisis has seen something of a reversal a sustained downturn cannot—and should not—be counted on.

On top of all this the overall global outlook for the world iron ore market is for continued over-supply until the end of the century.

To overcome this, Hamersley is trying to improve its cost structure, a vital requirement given the reduced throughput it now faces. Since about 50 per cent of operating costs are for labour, that means reducing staff and improving productivity.

The labour agreement negotiated over the first seven months of this year is reckoned to be a watershed, breaking down old classifications in the workforce and offering both management and labour greater flexibility.

Natural wastage and attractive retirement offers will help reduce the workforce by about 10 per cent, to some 3,600 by the end of the year.

Beyond this, Hamersley is aiming to produce a more consistent, high quality product than it does already.

Finally, the company is trying to rebuild better relations with its Japanese customers.

Whether all this will be enough is another matter. Experience so far suggests that towns like Mount Tom Price, Paraburdoo and Dampier will never be the same again. Nor will Hamersley and the Australian iron ore industry.

But none yet face extinction. The wealth upon which they are built remains too fabulous for that.

## LONDON MARKETS

THE LONDON Metal Exchange aluminium market came under renewed pressure yesterday as sterling's rise against the dollar and Japanese selling pushed prices through chart support points. As speculators' stop-loss orders were triggered, the fall gathered pace and the three months standard grade quotation closed £37.50 down at a seven-week low of £988.50 a tonne. The cash position fell even further, by £47.50 to £1,050 a tonne. Traders observed that, although fundamental factors remained "constructive" and supplies tight, if stock market weakness developed into recession the long-term outlook would be altered significantly, and this was the overriding concern on the aluminium market. Copper prices were comparatively stable, although the cash Grade A position lost £6.50 of Tuesday's £16.50 rise, at £1,186.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

| 99.7% purity | Unofficial close (p.m.) | + or − | High/Low |
|---|---|---|---|
| | $ per tonne | | |
| Cash | 1800-5 | −67.5 | — |
| 3 months | 1705-15 | −47.5 | 1740/1720 |

Official closing (am): Cash 1820-40 (1910-30); three months 1720-40 (1780-5); settlement 1840 (1930). Final Kerb close: 1700-15. Ring turnover: — tonnes.

| 99.5% purity | £ per tonne | | |
|---|---|---|---|
| Cash | 1048-52 | −47.5 | 1075/1073 |
| 3 months | 988-9 | −37.5 | 1005/984 |

Official closing (am): Cash 1070-3 (1125-30); three months 998-1000 (1043-5); settlement 1073 (1130). Final Kerb close: 988-9. Ring turnover: 22,373 tonnes.

### COPPER

Official closing (am): Cash 1190-2 (1208-10): three months 1096-8 (1113-5); settlement 1192 (1210). Final Kerb close: 1088-9.

| Grade A | Unofficial close £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 1186-8 | −6.5 | 1192/1186 |
| 3 months | 1100-01 | (—) | 1100/1086 |

Official closing (am): Cash 1153-4 (1165-75); three months 1085-8 (1100-10); settlement 1154 (1175). US Producer prices 83.40-92 cents per pound. Total ring turnover 47,850 tonnes.

| Standard | | | |
|---|---|---|---|
| Cash | 1145-50 | −17.5 | 1160/1154 |
| 3 months | 1088-92 | −6.5 | — |

### LEAD

| | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 344-5 | −9 | 345/344 |
| 3 Months | 338-9.5 | −8 | 345/336 |

Official closing (am): Cash 344-5 (353-4); three months 340-1 (347-48); settlement 345 (354). Final Kerb close: 377-8. Ring turnover 13,875 tonnes. US Spot: 43 cents per pound.

### NICKEL

| | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 3325-35 | −100 | 3385/— |
| 3 months | 3307-10 | −86.5 | 3363/3310 |

Official closing (am): Cash 3370-85 (3420-5); three months 3345-50 (3385-7); settlement 3385 (3425). Final Kerb close: 3345-55. Ring turnover 1,308 tonnes.

### ZINC

| High grade | Unofficial close (p.m.) £ per tonne | + or − | High/Low |
|---|---|---|---|
| Cash | 444-5 | −10.5 | — |
| 3 months | 460-1 | −10 | 454/449 |

Official closing (am): Cash 446-7 (458-8.5); three months 463-3.5 (462.3); settlement 447 (458.5). Final Kerb close: 452-4. Ring turnover: 7,800 tonnes. US Prime Western: 43-43.75 cents per pound.

### LONDON METAL EXCHANGE TRADED OPTIONS

| | Strike Price | Calls | | Puts | |
|---|---|---|---|---|---|
| | $/tonne | Nov. | | Nov. | |
| Aluminium 99.7% | — | — | | — | |
| | | Nov. | Jan. | Nov. | Jan. |
| Aluminium 99.5% | 1,675 | 109 | 90 | 76 | 119 |
| | 1,700 | 89½ | 79½ | 86½ | 126½ |
| | 1,725 | 78½ | — | 108 | — |
| Copper (Grade A) | 1,800 | 162 | 154 | 65 | — |
| | 1,850 | 134 | 131 | 86 | 144½ |
| | 1,900 | 100 | 116½ | 111 | 173 |
| | £/tonne | | | | |
| Copper (Grade A) | 1,075 | 66½ | 33 | 34½ | 33 |
| | 1,100 | 58½ | 23½ | 46 | 46½ |
| | 1,125 | 41 | 16½ | 59½ | 65 |

### TIN

KUALA LUMPUR TIN MARKET: Close 17.22 (17.17) ringgit per kg. Up 0.05 ringgit per kg.

### GOLD

| GOLD BULLION (fine ounce) | | Oct. 27 |
|---|---|---|
| Close | $477¼-477¾ | (£278½-279) |
| Opening | $474¼-474¾ | (£278½-279) |
| M'n'g fix | $479.65 | (£280.415) |
| Aft'n'n fix | $477.50 | (£279.158) |
| Day's high | $480-480½ | — |
| Day's low | $474¼-474¾ | — |

| GOLD AND PLATINUM COINS | | |
|---|---|---|
| Am Eagle | $491-496 | (£286½-290) |
| Mapleleaf | $491-496 | (£286½-290) |
| Kr'g'r'nd | $476-479 | (£278-280) |
| ½ Krug | $249-257½ | (£145-150½) |
| ¼ Krug | $124-132 | (£72½-77) |
| Angel | $489-494 | (£286-289) |
| 1/10 Angel | $47-52 | (£27½-30½) |
| New Sov. | $112¼-113¼ | (£65½-66¼) |
| Old Sov. | $112¼-113¼ | (£65½-66½) |
| Britannia | $491-496 | (£286½-290) |
| Noble Platt | $567-577 | (£333-339) |

### RUBBER

PHYSICALS—Closing prices (buyers): Spot 62.75p (63.00p); Dec 65.75p (66.00p); Jan 66.25p (66.50p). The Kuala Lumpur fob prices (Malay/Singapore cents per kg) were: RSS No 1 164.5 (—); SMR 20 254.5 (—).

### MEAT

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 95.70p per kg lw (+2.75): GB—Sheep 174.77p per kg est dcw (+7.69): GB—Pigs 75.38p per kg lw (+0.69): AAPP 97.86p per kg dw (−0.40).

### INDICES

**REUTERS**

| Oct. 27 | Oct. 26 | M'th ago | Year ago |
|---|---|---|---|
| 1668.4 | 1669.0 | — | — |

(Base December 31 1931=100)

**DOW JONES**

| Dow Jones | Oct. 27 | Oct. 26 | M'th ago | Year ago |
|---|---|---|---|---|
| Spot | 126.06 | 126.67 | — | 121.84 |
| Fut | 127.56 | 127.57 | — | 121.22 |

(Base December 31 1931=100)

### MAIN PRICE CHANGES

| | Oct. 28 1987 | + or − | Month ago |
|---|---|---|---|
| **METALS** | | | |
| Aluminium | | | |
| Free Market | $1810/840 | −90 | $1850/860 |
| Copper | | | |
| Cash Grade A | £1186.5 | −6.5 | £1147 |
| 3 months | £1100.5 | +15.5 | £1129.5 |
| Gold Troy oz | $477.5 | −0.375 | $462.25 |
| Lead Cash | £344.5 | −9 | £364 |
| 3 months | £339.25 | −8 | £356.5 |
| Nickel | | | |
| Free Mkt | 261/281c | −1 | 244.64c |
| Palladium oz | $122.05 | −5.0 | $156.75 |
| Platinum oz | $537 | −14.75 | $596.00 |
| Quicksilver† | $295/305 | | $305/315 |
| Silver troy oz | 435.40p | −0.35 | 466.30p |
| 3 months | 445.25p | −0.65 | 477.35p |
| Tin | | | |
| free Mkt | £4470/490 | −40 | £4150/180 |
| Tungsten | $51.16 | | $55.78 |
| Wolfram 22.0lb | $38/50 | | $38.50 |
| Zinc | £444.5 | −10.5 | £470 |
| 3 months | £460.5 | −10 | £472.5 |
| producers | $820 | | $860 |
| **OILS** | | | |
| Coconut (Phil) | $470t | −5 | $500 |
| Palm Malayan | $347.5y | −2.5 | $365 |
| **Seeds** | | | |
| Copra (Phil) | $320 | | $320 |
| Soyabean (U.S.) | $166y | +21.5 | $151.5 |
| **GRAINS** | | | |
| Barley Fut. Jan. | £106.40 | −0.15 | £105.45 |
| Maize | £133.00 | −1.00 | £131.50 |
| Wheat Fut. Jan. | £111.00 | +0.50 | £107.05 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| **OTHERS** | | | |
| Cocoa Ft. Mar. | £1176.5 | −6.0 | £1282 |
| Coffee Ft. Jan | £1296.5 | −32.0 | £1296.5 |
| Cotton A Ind.* | 70.90c | −0.10 | 82.60c |
| Gas Oil Dec. | $170.00 | +1.50 | $160.75 |
| Rubber (kilo) | 62.75p | −0.25 | 67p |
| Sugar (raw) | $165.0w | −1.8 | $162.6 |
| Wooltops 64s | 515p kilo | | 485pkilo |

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. w Oct-Nov. y Nov. z Dec. t Nov-Dec. v Jan-Feb.

### SILVER

Silver was fixed 0.30p an ounce lower for spot delivery in the London bullion market at 435.40p. US cent equivalents of the fixing levels were: spot 745.60c, up 10.6c; three-month 760.20c, up 10.85c; six-month 774.60c, up 11.2c; and 12-month 806.40c, up 11.3c. The metal opened at 431½-433p (735-737c) and closed at 431-433p (738-741c).

| SILVER per troy oz | Bullion Fixing price | + or − | L.M.E. p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| Spot | 435.40p | −0.30 | 738c | −5 |
| 3 months | 445.25p | −0.65 | 759c | −15 |
| 6 months | 454.75p | −1.00 | — | — |
| 12 months | 474.45p | −2.30 | — | — |

Final kerb close 754-6c.

LME—Turnover: 0 (0) lots of 10,000 oz.

### COFFEE

Origin stepped into the market today, weighing heavily on robusta prices. Dealers sold persistently, hedging purchases. Price-fixing was easily absorbed and any attempted rallies were short-lived, reports Drexel Burnham Lambert.

| COFFEE | Yesterday's close | + or − | Business done |
|---|---|---|---|
| Nov | 1256-1257 | −29.0 | 1291-1256 |
| Jan | 1296-1297 | −32.0 | 1325-1295 |
| Mar. | 1321-1325 | −31.0 | 1348-1320 |
| May | 1345-1347 | −26.5 | 1364-1345 |
| July | 1360-1364 | −32.0 | 1385-1368 |
| Sept. | 1380-1385 | −31.5 | 1402-1385 |
| Nov. | 1400-1416 | −12.0 | 1423 |

Sales: 6,483 (3,624) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 27: Comp. daily 1979 111.80 (112.40): 15-day average 111.92 (111.93).

### COCOA

Futures opened a little easier, as due, and in light volume drifted lower to within £2 of life of contract lows before rallying near the close to end the day on a quiet note. Physicals were almost totally neglected with both producers and consumers once again withdrawn, reports Gill and Duffus.

| COCOA | Yesterday's close | + or − | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Dec. | 1140-1141 | −8.0 | 1146-1136 |
| March | 1175-1176 | −6.0 | 1178-1170 |
| May | 1198-1199 | −6.0 | 1201-1194 |
| July | 1218-1220 | −5.0 | 1221-1214 |
| Sept. | 1240-1241 | −1.5 | 1249-1235 |
| Dec. | 1264-1266 | −5.5 | 1266-1257 |
| March | 1288-1289 | −2.0 | 1288-1285 |

Sales: 2,133 (2,852) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for October 27: 1,469.67 (1,470.02): 10-day average for October 28 1,467.38 (1,467.74).

### FREIGHT FUTURES

Premature profit-taking in the morning led to small losses with the BFI expected around unchanged. However, in the event of a 10 point hike in the index including a Gulf/Japan fixture of 18.10 futures rallied, but again the rise was spoiled by early profit-taking, reports Clarkson Wolff.

| | Close | High/Low | Prev. |
|---|---|---|---|
| **Dry Cargo** | | | |
| Oct. | 1164 | 1156/1150 | 1161 |
| Jan. | 1242 | 1157/1150 | 1250 |
| Apr. | 1276 | 1280/1289 | 1270 |
| July | 1165 | 1155/1145 | 1170 |
| Oct. | 1240 | — | 1240 |
| Jan. | 1240 | — | 1240 |
| April | 1300 | — | 1300 |
| BFI. | 1158 | — | 1148 |

Turnover: 316 (1,587).

### GRAINS

Business done—Wheat: Nov 108.00-7.80, Jan 111.00-0.90, March 113.00-2.85, May 115.50-5.20, July 117.95-7.45, Sept untraded, Nov untraded. Sales: 167 lots of 100 tonnes. Barley: Nov 104.05-3.85, Jan 106.50-6.15, March 108.60-8.20, May untraded, Sept untraded, Nov untraded. Sales: 77 lots of 100 tonnes.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yest'dy's close | + or − | Yest'dy's close | + or − |
| Nov. | 107.95 | +0.25 | 104.05 | +0.05 |
| Jan. | 111.00 | +0.50 | 106.40 | +0.15 |
| Mar. | 113.20 | +0.70 | 108.70 | +0.05 |
| May | 115.50 | +0.75 | 110.20 | +0.05 |
| July | 117.95 | +0.85 | — | — |
| Sept. | 102.25 | −0.25 | 99.10 | — |
| Nov. | 104.25 | — | 101.60 | — |

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Nov 93.00, Dec 93.50. US No 2 Soft Red Winter: Nov 90.50, Dec 92.00. French 11½-12 per cent: Oct/Nov 136.50 sellers. English feed, fob: Nov 109.50, Dec 110.50 buyers, Jan/March 114.00-114.50, April/June 117.00-118.00 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East Coast: Oct/Nov 133.00 sellers. Barley: English feed: Nov 107.75-108.25 buyer/sellers, Dec 109.50 buyer, Jan/March 113.00-113.50 buyer/seller. Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed barley: E. Mids 105.80; Scotland 102.00. On November 1, the UK monetary coefficient will be actualised on the basis of exchange rates for calculation period October 14-20.

### POTATOES

With forecast of more settled weather up to the week-end the market traded nervously lower, falling £2.50 on opening call before establishing base for session around £153.00 April 88. Remainder of day saw the market bounce within £2.00 range to close mid-value, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Nov. | 88.00 | 87.00 | 88.00-87.00 |
| Feb. | 100.00 | 102.00 | — |
| March | 91.50 | 92.00 | 91.00-91.00 |
| Apr. | 154.00 | 156.00 | 156.50-153.50 |
| May | 167.00 | 168.80 | 167.50-166.00 |
| Nov | 75.00 | 75.00 | — |

Sales: 1473 (1633) lots of 40 tonnes.

### OIL

| | Latest | Change + or − |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel) | | Dec. |
| Arab Light | — | — |
| Arab Heavy | — | — |
| Dubai | 17.25-17.29 | −0.001 |
| Brent Blend | 18.85-18.90 | |
| W.T.I. (1pm edt) | 20.07-20.12 | +0.007 |
| Forcados (Nigeria) | — | — |
| Urals (cif NWE) | — | — |

PRODUCTS—North West Europe

Prompt delivery cif ($ per tonne)

| | | |
|---|---|---|
| Premium gasoline | 185-188 | — |
| Gas Oil | 165-168 | +1 |
| Heavy fuel Oil | 98-100 | −1 |
| Naphtha | 162-165 | +0.5 |

November Petroleum. Argus estimates.

### SOYABEAN MEAL

| | Yesterd'ys close | + or − | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Dec. | 132.0-135.0 | −1.00 | 132.0- |
| Feb. | 133.8-134.8 | −1.00 | |
| April | 133.0-134.8 | −0.75 | 133.5- |
| June | 126.0-127.0 | −1.00 | 126.5 |
| August | 124.5-128.5 | −0.25 | — |
| October | 125.0-129.5 | −1.50 | — |
| December | 125.0-129.8 | −1.50 | — |

Sales: 101 (211) lots of 20 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar $165.00 (£108.40), down $1.80 (down £2.60) a tonne for November/December delivery. White sugar $189.50 down $0.50.

| | Yesterd'y's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| **No. 6 Raws** | | | |
| Dec | 162.8-164.6 | 169.0-168.8 | 161.8-167.8 |
| Mar | 168.8-169.8 | 169.0-169.2 | 171.4-167.8 |
| May | 170.8-171.0 | 169.4-169.6 | 172.0-169.4 |
| Aug | 172.8-172.6 | 170.4-171.0 | 175.4-171.2 |
| Oct | — | 172.6 | 176.0-172.8 |
| Dec | 175.8-177.2 | 174.0-178.4 | — |
| Mar | 182.0-185.6 | 176.8-184.4 | — |
| **No. 5 Whites** | | | |
| Dec | 192.5-193.5 | 191.0-192.0 | 194.5-191.5 |
| Mar | 199.6-200.2 | 197.5-198.5 | 200.5-198.8 |
| May | 205.5-205.0 | 201.8-202.6 | 205.0-202.5 |
| Aug | 207.0-208.0 | 205.5-208.5 | 208.0-208.0 |
| Oct | 208.0-208.5 | 207.8-208.0 | 210.0-208.0 |
| Dec | 209.0-212.0 | 208.0-216.0 | 210.0-210.0 |
| Mar | 215.0-215.5 | 212.0-215.0 | — |

Sales: No. 6 1,653 (2,831) lots of 50 tonnes; No. 5 876 (1,685).

Tate & Lyle delivery price for granulated basis sugar was £214.00 (£216.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for October 27: Daily price 7.05 (7.02): 15-day average 6.69 (6.64).

PARIS—White (FFr per tonne): Dec 1132/1136; Mar 1178/1181; May 1206/1210; Aug 1236/1240; Oct 1242/1254; Dec 125/1280.

### GAS OIL FUTURES

LME—Turnover: 0 (0) lots of 10,000 oz.

Final kerb close 751-3c.

| Month | Yesterd'ys close | + or − | Business done |
|---|---|---|---|
| | US$ per tonne | | |
| Nov | 169.25 | +1.75 | 169.25-167.75 |
| Dec | 170.00 | +1.50 | 170.00-169.75 |
| Jan | 170.00 | +0.75 | 170.00-169.00 |
| Feb | 169.00 | +0.75 | 169.00-168.75 |

Turnover: 2,727 (2,886) lots of 100 tonnes.

## US MARKETS

THE MARKETS continued to hold their breath, tending to consolidate within defined ranges awaiting impetus for decisive movement, reports Drexel Burnham Lambert. Gold rallied on trade and commission house buying, but, as the buying dissipated, profit-taking set-in and the market fell back to close a short-term gap before firming towards the close. Silver and platinum both firmed in line with gold, but drifted lower as trade selling emerged at the highs. Copper was quiet, commission house selling was insuffient to overcome trade buying as the market continued to recover. Crude oil rallied as reports came in of a Saudi oil platform fire, but fell back as it was confirmed that the fire did not result from hostile action. The trade was again noted as a good buyer of the spreads in crude oil. Coffee, cocoa and sugar all finished higher on the day mainly in response to the weaker US dollar, trade selling was noted in coffee and cocoa, while trade buying firmed sugar in the face of producer price-fix selling. Cotton rallied on commission house buying and stops before locals sold the market down from the highs. Cattle rallied as the cash trade improved forcing packers to pay higher prices, while hogs and bellies firmed on expectations that cash prices could firm tomorrow. The grains were slightly easier across the board as a result of a feeling that cash prices seemed under pressure and lack of export business.

### NEW YORK

ALUMINIUM 40,000 lbs: cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 81.00 | 82.50 | — | — |
| Nov | 81.00 | 82.50 | — | — |
| Dec | 79.50 | 81.00 | 81.20 | 79.50 |
| Jan | 79.00 | 80.50 | — | — |
| Feb | — | — | — | — |
| Mar | 77.25 | 78.75 | — | — |
| Apr | — | — | — | — |
| May | 72.00 | 72.50 | — | — |
| July | 69.50 | 69.00 | — | — |
| Sep | 69.50 | 69.00 | — | — |

COCOA 10 tonnes: $/tonnes

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 18.39 | 18.17 | 18.41 | 18.20 |
| March | 18.79 | 18.53 | 18.82 | 18.58 |
| May | 19.08 | 18.83 | 19.10 | 18.89 |
| July | 19.35 | 19.14 | 19.35 | 19.23 |
| Sept | 19.63 | 19.40 | 19.60 | 19.50 |
| Dec | 19.95 | 19.74 | 19.95 | 19.90 |
| March | 20.25 | 20.03 | 20.25 | 20.15 |

COFFEE "C" 37,500 lbs: cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 122.55 | 122.16 | 122.65 | 121.80 |
| March | 126.84 | 126.50 | 127.60 | 126.20 |
| May | 128.80 | 128.35 | 128.80 | 128.00 |
| July | 129.86 | 129.75 | 129.86 | 129.30 |
| Sept | 131.40 | 130.75 | 131.40 | 131.40 |
| Dec | 132.00 | 131.30 | 132.00 | 132.00 |
| March | 130.90 | 130.90 | — | — |

COPPER 25,000 lbs: cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

COTTON 50,000 lbs: cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | [illegible] | [illegible] | [illegible] | [illegible] |
| March | 65.60 | 64.40 | 65.60 | 64.15 |
| May | 65.86 | 65.35 | 66.20 | 65.60 |
| July | 65.86 | 65.31 | 66.21 | 65.15 |
| Oct | 63.10 | 62.25 | 63.10 | 62.70 |
| Dec | 62.70 | 61.40 | 62.99 | 61.10 |

CRUDE OIL (LIGHT) 42,000 US gallons: $/barrels

| | Latest | Prev | High | Low |
|---|---|---|---|---|
| Dec | 20.15 | 20.12 | 20.20 | 20.04 |
| Jan | 19.96 | 19.98 | 19.99 | 19.88 |
| Feb | 19.80 | 19.78 | 19.83 | 19.71 |
| March | 19.69 | 19.66 | 19.71 | 19.63 |
| April | 19.57 | 19.55 | 19.60 | 19.52 |
| May | 19.50 | 19.45 | 19.48 | 19.42 |
| June | 19.35 | 19.36 | 19.40 | 19.35 |
| July | 19.30 | 19.27 | 19.30 | 19.30 |
| Aug | 19.20 | 19.19 | 19.20 | 19.20 |

GOLD 100 troy oz, $/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 477.5 | 476.7 | 478.0 | 478.0 |
| Nov | 477.5 | 476.7 | — | — |
| Dec | 480.5 | 478.8 | 483.5 | 476.3 |
| Feb | 486.6 | 484.9 | 489.4 | 484.5 |
| April | 492.7 | 491.0 | 495.5 | 491.0 |
| June | 499.0 | 497.3 | 501.5 | 497.0 |
| August | 505.5 | 503.8 | 505.0 | 505.0 |
| Sept | — | 460.0 | — | — |
| Oct | 512.2 | 510.5 | 514.0 | 514.0 |
| Dec | 519.2 | 517.3 | 521.5 | 519.0 |
| Feb | 526.4 | 524.4 | — | — |
| June | 541.5 | 539.3 | 544.5 | 544.0 |
| Aug | 549.4 | 547.1 | 549.0 | 549.0 |

HEATING OIL 42,000 US gallons: cents/US gallons

| | Latest | Prev | High | Low |
|---|---|---|---|---|
| Nov | 57.75 | 57.36 | 57.90 | 57.36 |
| Dec | 57.70 | 57.42 | 57.80 | 57.30 |
| Jan | 57.40 | 57.22 | 57.50 | 57.00 |
| Feb | 56.85 | 56.57 | 56.75 | 56.35 |
| March | 54.40 | 54.35 | 54.60 | 54.00 |
| April | 52.15 | 52.00 | 52.30 | 51.75 |
| May | 51.15 | 51.00 | 51.30 | 51.00 |
| June | 50.80 | 50.40 | 50.50 | 50.50 |
| July | 50.50 | 50.45 | 50.70 | 50.50 |
| Aug | 51.10 | 51.15 | 51.10 | 51.10 |

ORANGE JUICE 15,000 lbs: cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Nov | 143.50 | 144.45 | 145.00 | 143.00 |
| Jan | 143.30 | 143.00 | 143.60 | 142.80 |
| March | 143.50 | 143.00 | 142.80 | 142.50 |
| May | 144.30 | 143.50 | 144.30 | 144.50 |
| July | 144.50 | 142.75 | 144.50 | 144.50 |
| Sept | — | 137.15 | — | — |
| Nov | 142.50 | 142.25 | — | — |
| Jan | 140.80 | 140.75 | — | — |
| March | 140.50 | 140.75 | — | — |

PLATINUM 50 troy oz, $/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Nov | 557.3 | 553.8 | — | — |
| Dec | 548.8 | 565.8 | — | — |
| Jan | 551.9 | 567.8 | 565.5 | 542.0 |
| Feb | — | — | — | — |
| April | 562.0 | 568.8 | 572.0 | 552.5 |
| July | 571.0 | 578.1 | 561.5 | 564.2 |
| Oct | — | 551.8 | — | — |
| Jan | — | 566.8 | — | — |

SILVER 5,000 troy oz, cents/troy oz

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Oct | 734.6 | 735.5 | 742.0 | 740.0 |
| Nov | 734.8 | 738.8 | 740.0 | 730.0 |
| Dec | 738.8 | 740.5 | 752.5 | 738.5 |
| Jan | 743.9 | 744.9 | 746.5 | 746.5 |
| March | 754.8 | 755.8 | 758.0 | 754.0 |
| April | — | — | — | — |
| May | 766.1 | 768.1 | 744.0 | 766.0 |
| July | 778.6 | 778.6 | 783.0 | 778.0 |
| Sept | 788.1 | 787.1 | 791.0 | 782.0 |
| Dec | 803.4 | 804.4 | 815.0 | 801.0 |
| Jan | 809.2 | 861.9 | — | — |
| March | 822.0 | 875.0 | — | — |
| May | 834.2 | 886.4 | — | — |
| July | 846.9 | 901.5 | — | — |

SUGAR WORLD "11" 112,000 lbs: cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Jan | 7.08 | 7.06 | 7.10 | 6.95 |
| March | 7.80 | 7.61 | 7.85 | 7.52 |
| May | 7.86 | 7.80 | 7.75 | 7.62 |
| July | 7.72 | 7.64 | 7.79 | 7.69 |
| Oct | 7.79 | 7.80 | 7.80 | 7.77 |
| Jan | 7.80 | 7.58 | — | — |
| March | 8.16 | 8.06 | — | — |

### CHICAGO

LIVE CATTLE 40,000 lbs: Cents/lbs

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 63.86 | 63.25 | 64.32 | 62.25 |
| Feb | 60.62 | 60.02 | 61.00 | 60.05 |
| April | 61.92 | 61.17 | 62.36 | 61.30 |
| June | 61.67 | 61.00 | 62.00 | 61.07 |
| Aug | 60.60 | 60.07 | 60.80 | 60.00 |
| Oct | 59.62 | 59.70 | 59.90 | 59.60 |
| Dec | 61.40 | 61.40 | 61.40 | 61.00 |

LIVE HOGS 30,000 lb. cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 43.72 | 43.70 | 44.10 | 43.60 |
| Feb | 41.87 | 41.75 | 42.15 | 41.55 |
| April | 38.22 | 38.25 | 38.47 | 38.05 |
| June | 41.87 | 41.85 | 42.30 | 41.70 |
| July | 42.05 | 42.10 | 42.30 | 42.00 |
| Aug | 41.25 | 41.10 | 41.70 | 41.00 |
| Oct | 38.55 | 38.15 | 38.67 | 38.15 |
| Dec | 39.40 | 39.50 | 39.67 | 39.40 |

MAIZE 5,000 bu min: cents/56 lb-bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 180.6 | 182.0 | 182.2 | 180.2 |
| Mar | 185.6 | 187.0 | 187.6 | 185.4 |
| May | 190.6 | 192.2 | 192.0 | 190.6 |
| July | 195.0 | 196.4 | 196.2 | 194.6 |
| Sep | 192.0 | 193.0 | 193.0 | 192.0 |
| Dec | 190.0 | 192.4 | 190.6 | 192.6 |
| Mar | 196.0 | 198.5 | — | 196.0 |
| Mar | 195.0 | 196.4 | — | 196.0 |

PORK BELLIES 38,000 lb, cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Feb | 56.10 | 56.30 | 56.85 | 55.95 |
| March | 56.02 | 54.35 | 56.40 | 55.70 |
| May | 57.35 | 57.12 | 57.85 | 56.80 |
| July | 57.20 | 56.90 | 57.30 | 56.65 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEANS 5,000 bu min: cents/60lb-bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SOYABEAN MEAL 100 tons: $/ton

| | Close | Prev | High | Low |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Jul | 166.0 | 167.0 | 168.5 | 164.6 |
| Aug | 164.6 | 164.5 | 166.0 | 164.5 |
| Sep | 163.5 | 164.0 | 165.5 | 163.5 |
| Oct | 162.5 | 162.6 | 163.5 | 162.5 |
| Dec | 163.0 | 164.2 | 164.2 | 163.0 |

SOYABEAN OIL 60,000 lb; cents/lb

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 17.49 | 17.43 | 17.66 | 17.35 |
| Jan | 17.66 | 17.61 | 17.85 | 17.54 |
| Mar | 17.93 | 17.88 | 18.11 | 17.82 |
| May | 18.07 | 18.05 | 18.25 | — |
| July | 18.32 | 18.28 | 18.45 | 18.20 |
| Aug | 18.35 | 18.30 | 18.45 | 18.35 |
| Sep | 18.35 | 18.33 | 18.44 | 18.38 |
| Oct | 18.35 | 18.35 | 18.56 | — |
| Dec | 18.45 | 18.40 | 18.70 | 18.45 |

WHEAT 5,000 bu min; cents/60lb-bushel

| | Close | Prev | High | Low |
|---|---|---|---|---|
| Dec | 295.6 | 296.6 | 297.6 | 294.0 |
| March | 307.6 | 308.2 | 309.2 | 306.0 |
| May | 302.4 | 304.0 | 304.6 | 301.0 |
| July | 289.0 | 291.0 | 290.6 | 289.0 |
| Sept | 292.0 | 294.0 | 295.0 | 271.0 |
| Dec | 303.0 | 303.0 | 303.0 | 300.4 |

SPOT PRICES: Chicago loose lard 14.50 (up 0.50) cents per pound. Handy and Harman silver bullion 738.00 (738.50) cents per troy ounce. New York tin 321.00/322.00 (320.00/321.00) cents per pound.

# CURRENCIES, MONEY & CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar hits new lows

THE COMMENT by Mr Jacques Delors, President of the European Commission, that the US is prepared to let the dollar fall to DM1.60 came too late to have any impact on European currency trading.

The dollar continued to weaken despite co-ordinated intervention by central banks.

The Federal Reserve gave support to the dollar in New York on Tuesday, and the Bank of Japan continued the buying operation in Tokyo yesterday morning. This was followed quickly by news that the West German Bundesbank; Swiss National Bank; Bank of England; and Bank of Italy were also buying dollars.

Sentiment surrounding the dollar was very weak, and dealers were not convinced yesterday's action by the central banks was anything more than a smoothing operation.

There are strong doubts that the Group of Seven agreement on currency stability can be sustained while the US runs such a large trade deficit, and the Reagan Administration shows no intention of coming to grips with the equally large problem of the budget deficit.

The dollar touched a low of DM1.7470 against the D-Mark, and closed at DM1.7530, compared with DM1,7635, the lowest closing level since July 1980.

After holding fairly steady in Tokyo, thanks to Bank of Japan support, the dollar fell below Y140 in early European trading, to finish at Y139.25, against Y141.60 on Tuesday.

It also declined to FFr5.8750 from FFr5.9075 and to SFr1.4440 from SFr1.4540. At one time the dollar touched a record low of SFr1.4375.

On Bank of England figures the dollar's index fell to 98.8 from 99.6.

STERLING-Trading range against the dollar in 1987 is 1.7105 to 1.4710. September average 1.6456. Exchange rate index rose 0.3 to 74.4, compared with 72.9 six months ago.

Sterling remained in demand, rising to the highest level since October 1982 against the dollar, and also improving in terms of most other major currencies, with the notable exception of the strong yen.

The pound touched a peak of $1.7155, and fell back only slightly, in spite of further Bank of England support for the dollar. Sterling finished at a five-year closing high of $1.7100-1.7110, a rise of 1.45 cents on the day.

It also improved to DM2.9975 from DM2.99; to FFr10.05 from FFr10.02; and to SFr2.47 from SFr2.4650, but fell to Y238.25 from Y240.25.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.7530. September average 1.8122. Exchange rate index 143.2 against 146.6 six months ago.

The D-Mark advanced strongly against the dollar from the start of trading in Frankfurt. There was early intervention by the Bundesbank in an attempt to stem the dollar's fall, but this had only limited impact.

In spite of steady intervention by central banks the dollar fell to DM1.7520 at the Frankfurt close from DM1.7695.

At the Frankfurt fixing the Bundesbank bought $19.6m when the dollar was fixed at DM1.7491, compared with $1.7764 on Tuesday.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 138.35. September average 143.19. Exchange rate index 225.6 against 226.5 six months ago.

The yen showed a small improvement over the dollar in Tokyo, but was held in check by central bank intervention. The Bank of Japan bought an estimated total of $100m to $200m at various times, following earlier support for the dollar by the US Federal Reserve.

The dollar closed at Y140.75 in Tokyo, compared with Y142.00 on Tuesday, but little changed from Y140.85 at the New York finish.

Dealers said pressure on the dollar is likely to increase if there is a large increase in the September Japanese trade surplus tomorrow.

### £ IN NEW YORK

| Oct.28 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.7010-1.7020 | 1.7035-1.7045 |
| 1 month | 0.35-0.33pm | 0.33-0.31pm |
| 3 months | 0.81-0.77pm | 0.66-0.63pm |
| 12 months | 2.70-2.60pm | 2.00-1.95pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Oct.28 | Previous |
|---|---|---|
| 8.30 am | 74.2 | 74.0 |
| 9.00 am | 74.3 | 74.0 |
| 10.00 am | 74.3 | 74.0 |
| 11.00 am | 74.3 | 74.0 |
| Noon | 74.3 | 74.0 |
| 1.00 pm | 74.3 | 74.0 |
| 2.00 pm | 74.4 | 74.1 |
| 3.00 pm | 74.3 | 74.1 |
| 4.00 pm | 74.4 | 74.1 |

### CURRENCY RATES

| Oct.28 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | N/A | 0.692035 |
| U.S Dollar | 6 | 1.3206 | 1.18303 |
| Canadian $ | 8.75 | * | 1.55948 |
| Austrian Sch. | 4 | N/A | 14.6030 |
| Belgian Franc | 7¾ | - | 43.2576 |
| Danish Krone | 7 | - | 7.96004 |
| Deutsche Mark | 3 | - | 2.07350 |
| Neth.Guilder | 4½ | - | 2.33953 |
| French Franc | 9½ | - | 6.94796 |
| Italian Lira | 12 | - | 1501.86 |
| Japanese Yen | 2½ | - | 164.856 |
| [illegible] | [illegible] | [illegible] | [illegible] |

*CS/SDR rate for Oct.27 1.72134

### CURRENCY MOVEMENTS

| Oct.28 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 74.4 | [illegible] |
| U.S. Dollar | [illegible] | [illegible] |
| Canadian Dollar | [illegible] | [illegible] |
| Austrian Schilling | [illegible] | [illegible] |
| Belgian Franc | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] |
| Deutsche Mark | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] |
| Guilder | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] |
| Yen | 225.6 | [illegible] |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

### OTHER CURRENCIES

| Oct.28 | £ | $ |
|---|---|---|
| Argentina | [illegible] | [illegible] |
| Australia | [illegible] | [illegible] |
| Brazil | [illegible] | [illegible] |
| Finland | [illegible] | [illegible] |
| Greece | [illegible] | [illegible] |
| Hong Kong | [illegible] | [illegible] |
| Iran | [illegible] | [illegible] |
| Korea(Sth) | [illegible] | [illegible] |
| Kuwait | 0.47450-0.47580 | 0.27760-0.27770 |
| Luxembourg | 62.45-62.55 | 36.50-36.60 |
| Malaysia | 4.2970-4.3080 | 2.5150-2.5165 |
| Mexico | 2797.95-2816.75 | 1635.00-1645.00 |
| N. Zealand | 2.8625-2.8725 | 1.6720-1.6805 |
| Saudi Ar. | 6.4125-6.4180 | 3.7500-3.7510 |
| Singapore | 3.5455-3.5530 | 2.0750-2.0760 |
| S. Af (Cm) | 3.4480-3.4640 | 2.0180-2.0220 |
| S. Af (Fn) | 5.9500-6.1640 | 3.4785-3.6035 |
| Taiwan | 50.90-50.15 | 29.95-30.05 |
| U.A.E. | 6.2795-6.2855 | 3.6725-3.6735 |

*Selling rate

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu Oct.28 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.2576 | +1.88 | +1.09 | ±1.5344 |
| Danish Krone | 7.85212 | 7.96004 | +1.37 | +0.58 | ±1.6404 |
| German D-Mark | 2.05853 | 2.07350 | +0.73 | -0.06 | ±1.0981 |
| French Franc | 6.90403 | 6.94796 | +0.64 | -0.15 | ±1.3674 |
| Dutch Guilder | 2.31943 | 2.33953 | +0.61 | -0.18 | ±1.5012 |
| Irish Punt | 0.768411 | 0.777085 | +1.23 | 0.349 | ±1.6684 |
| Italian Lira | 1483.58 | 1501.86 | +1.23 | +0.89 | ±4.0752 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### POUND SPOT- FORWARD AGAINST THE POUND

| Oct.28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6985-1.7155 | 1.7100-1.7110 | 0.30-0.27cpm | 2.00 | 0.55-0.50pm | 1.23 |
| Canada | 2.2437-2.2583 | 2.2535-2.2545 | 0.28-0.16cpm | 1.17 | 0.41-0.24pm | 0.58 |
| Netherlands | 3.36¼-3.37¾ | 3.37-3.38 | 1¼-1⅛cpm | 4.22 | 3⅛-2⅞ | 3.56 |
| Belgium | 62.34-62.71 | 62.45-62.55 | 15-10cpm | 2.40 | 40-30pm | 2.24 |
| Denmark | 11.49-11.53¾ | 11.51¾-11.52¾ | ¼-1⅛cdis | -0.85 | 2⅛-3dis | -0.91 |
| Ireland | 1.1215-1.1250 | 1.1230-1.1240 | 0.14-0.04cpm | 1.07 | 0.24-0.16pm | 0.53 |
| W. Germany | 2.99¼-3.00¼ | 2.99¼-3.00¼ | 1⅛-1⅛pfpm | 5.50 | 3⅛-3⅛pm | 4.50 |
| Portugal | 237.79-240.35 | 237.80-238.80 | 50-110cdis | -4.03 | 220-315dis | -4.49 |
| Spain | 195.50-197.58 | 196.00-196.30 | 45-110cdis | -4.74 | 130-215dis | -3.52 |
| Italy | 2166½-2175¾ | 2169¾-2170¾ | par-5lirdis | -1.38 | 10-20dis | -2.77 |
| Norway | 11.11¼-11.16¾ | 11.14¾-11.15¾ | 4-4⅞oredis | -4.58 | 13⅝-14⅞dis | -3.00 |
| France | 10.02¾-10.05½ | 10.04½-10.05½ | 1⅞-⅞cpm | -1.19 | 1-⅞pm | 0.38 |
| Sweden | 10.63½-10.67½ | 10.66½-10.67½ | ⅞pm-⅞oredis | 0.14 | ⅞pm-⅞dis | -0.05 |
| Japan | 237⅞-239¾ | 237⅞-238⅞ | 1⅛-1cpm | 5.04 | 2⅞-2⅞pm | 4.41 |
| Austria | 21.06-21.14 | 21.08-21.11 | 8⅞-7⅞gropm | 4.62 | 22⅞-19⅞pm | 3.98 |
| Switzerland | 2.46¼-2.47½ | 2.46½-2.47½ | 1⅛-1⅛cpm | 5.77 | 3⅞-2⅞pm | 4.86 |

Belgian rate is convertible francs. Financial franc 62.70-62.80. Six-month forward dollar 0.96-0.91cpm. 12-month 1.40-1.30cpm

### DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

| Oct.28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6985-1.7155 | 1.7100-1.7110 | 0.30-0.27cpm | 2.00 | 0.55-0.50pm | 1.23 |
| Ireland† | 1.5125-1.5260 | 1.5200-1.5210 | 0.14-0.09cpm | 0.91 | 0.32-0.22pm | 0.71 |
| Canada | 1.3160-1.3195 | 1.3180-1.3190 | 0.07-0.11cdis | -0.82 | 0.19-0.24dis | -0.65 |
| Netherlands | 1.9645-1.9870 | 1.9720-1.9780 | 0.38-0.35cpm | 2.22 | 1.15-1.10pm | 2.28 |
| Belgium | 36.45-36.85 | 36.50-36.60 | 2-1cpm | 0.53 | 9-7pm | 0.92 |
| Denmark | 6.71¼-6.77¼ | 6.73¼-6.73¾ | 1.65-1.75oredis | -2.50 | 3.60-3.70dis | -1.99 |
| Ireland | 1.5125-1.5260 | 1.5200-1.5210 | 0.14-0.09cpm | 0.91 | 0.32-0.22pm | 0.71 |
| W. Germany | 1.7470-1.7660 | 1.7525-1.7535 | 0.53-0.51pfpm | 3.56 | 1.45-1.40pm | 3.26 |
| Portugal | 139½-140¼ | 139½-140½ | 55-85cdis | -6.03 | 180-230dis | -5.88 |
| Spain | 114.05-114.80 | 114.65-114.75 | 45-115cdis | -9.43 | 155-205dis | -6.29 |
| Italy | 1264¾-1276½ | 1268¾-1268¾ | 3.80-4.80lirdis | -4.07 | 12.80-14.00dis | -4.10 |
| Norway | 6.50¾-6.54¾ | 6.51¾-6.52 | 3.40-3.80oredis | -6.62 | 10.15-10.55dis | -6.34 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 36.65-36.75.

### EURO-CURRENCY INTEREST RATES

| Oct.28 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sw. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Deutschmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fr. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B. Fr. (Fin) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B. Fr. (Con) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D. Krone | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian $Sing | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Oct.28 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| $ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| DM | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| YEN | [illegible] | [illegible] | [illegible] | 1000. | 42.16 | 10.37 | 14.17 | 9107. | 9.461 | 262.5 |
| F Fr. | 0.995 | 1.701 | 2.983 | 237.1 | 10. | 2.458 | 3.358 | 2159. | 2.243 | 62.19 |
| S Fr. | 0.405 | 0.692 | 1.214 | 96.46 | 4.069 | 1. | 1.366 | 878.4 | 0.913 | 25.30 |
| H FL. | 0.296 | 0.507 | 0.888 | 70.59 | 2.978 | 0.732 | 1. | 642.9 | 0.668 | 18.52 |
| Lira | 0.461 | 0.788 | 1.381 | 109.8 | 4.632 | 1.138 | 1.555 | 1000. | 1.039 | 28.81 |
| C $ | 0.444 | 0.759 | 1.330 | 105.7 | 4.459 | 1.096 | 1.497 | 962.6 | 1. | 27.73 |
| B Fr. | 1.600 | 2.736 | 4.796 | 381.2 | 16.08 | 3.952 | 5.400 | 3472. | 3.605 | 100. |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES

# Equity weakness boosts gilts

LONG TERM gilt futures gained support from the continued weakness of equity markets, but US Treasury bond futures lost ground as the dollar fell sharply on the foreign exchanges.

Sterling's rise to a five-year high against the dollar also encouraged demand for British funds. December long term gilts rose to the highest level since July, but finished near the lowest levels of the day. The contract opened at 121-10, and after touching a peak of 121-24, then fell back to close at 120-24, compared with 119-24 on Wednesday.

There were still doubts about the BP share issue, but traders noted there was no sign of a marked recovery in equities or a selloff in gilts, and felt on balance the sale would go ahead.

Gilts rise followed another depressing performance by equities. The FTSE 100 index opened 23.4 lower at 1679.9, and quickly fell to a low of 1613.9. December FTSE 100 index futures responded by falling to 165.00 at the Liffe opening, and sliding down to a low of 160.75, before closing at 162.90, against 168.75 previously.

The fall in Tokyo share prices set the tone for London, and also produced a strong performance from Japanese Government bond futures. Bond futures closed sharply higher in Tokyo, on rumours that senour US officials agreed the Paris currency agreement should be scrapped.

December Japanese bonds opened at 104.00 on Liffe and rose to 104.70. The conmtract closed at 104.65, against 102.30 at the previous settlement.

The pound's rise, coupled with the fall in equity prices, increased expectations of a cut in UK bank base rates. Three-month sterling deposit futures rose sharply, with dealers commenting that the market was almost discounting a cut to 8½ p.c. in base rates.

### LIFFE LONG GILT FUTURES OPTIONS

| Strike Price | Calls-Last DEC | Calls-Last MAR | Puts-Last DEC | Puts-Last MAR |
|---|---|---|---|---|
| 106 | 14.49 | 14.63 | 0.01 | 0.15 |
| 108 | 12.50 | 13.09 | 0.02 | 0.15 |
| 110 | 10.51 | 11.21 | 0.03 | 0.37 |
| 112 | 8.54 | 9.41 | 0.06 | 0.57 |
| 114 | 6.61 | 8.01 | 0.13 | 1.17 |
| 116 | 5.14 | 6.39 | 0.30 | 1.55 |
| 118 | 3.41 | 5.22 | 0.57 | 2.38 |
| 120 | 2.24 | 4.12 | 1.40 | 3.28 |

Estimated volume total, Calls 8820 Puts 2963
Previous day's open int: Calls 41202 Puts 30193

### LIFFE US TREASURY BOND FUTURES OPTIONS

| Strike Price | Calls-Last DEC | Calls-Last MAR | Puts-Last DEC | Puts-Last MAR |
|---|---|---|---|---|
| 70 | 16.60 | 16.09 | 0.00 | 0.07 |
| 72 | 14.60 | 14.15 | 0.00 | 0.13 |
| 74 | 12.61 | 12.26 | 0.01 | 0.24 |
| 76 | 10.62 | 10.41 | 0.02 | 0.39 |
| 78 | 9.02 | 9.00 | 0.06 | 0.42 |
| 80 | 7.11 | 7.31 | 0.15 | 1.19 |
| 82 | 5.29 | 6.07 | 0.33 | 2.05 |
| 84 | 3.60 | 4.58 | 1.00 | 2.54 |

Estimated volume total, Calls 123 Puts 103
Previous day's open int: Calls 2809 Puts 1872

### LIFFE FT-SE 100 INDEX FUTURES OPTIONS

| Strike Price | Calls-Last NOV | Calls-Last DEC | Puts-Last NOV | Puts-Last DEC |
|---|---|---|---|---|
| 17000 | 5.75 | 9.77 | 12.85 | 16.87 |
| 17250 | 4.92 | 8.86 | 14.52 | 18.46 |
| 17500 | 4.20 | 8.03 | 16.30 | 20.13 |
| 17750 | 3.56 | 7.25 | 18.16 | 21.85 |
| 18000 | 3.00 | 6.54 | 20.10 | 23.64 |
| 18250 | 2.52 | 5.89 | 22.12 | 25.49 |
| 18500 | 2.10 | 5.30 | 24.20 | 27.40 |
| 18750 | 1.75 | 4.75 | 26.35 | 29.35 |

Estimated volume total, Calls 0 Puts 1
Previous day's open int: Calls 62 Puts 166

### LIFFE £/$ OPTIONS

£25,000 (cents per £1)

| Strike Price | Calls-Last NOV | DEC | JAN | MAR | Puts-Last NOV | DEC | JAN | MAR |
|---|---|---|---|---|---|---|---|---|
| 1.50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.55 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.60 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.65 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.70 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.75 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.80 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### LIFFE $/DM OPTIONS

| Strike Price | Calls-Last NOV | DEC | JAN | MAR | Puts-Last NOV | DEC | JAN | MAR |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

| Strike Price | Calls-Last | | | | Puts-Last | | | |
|---|---|---|---|---|---|---|---|---|
| 1.575 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.600 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.625 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.650 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.675 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.700 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.725 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### LIFFE- EURODOLLAR OPTIONS

$1m points of 100%

### LONDON

#### 20-YEAR 12% NOTIONAL GILT

#### 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND

#### THREE-MONTH STERLING

#### FT-SE 100 INDEX

#### THREE-MONTH EURODOLLAR

#### US TREASURY BOND $

#### CURRENCY FUTURES

POUND-$ (FOREIGN EXCHANGE)

#### IMM-STERLING $ per £

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| DEC | 1.7060 | 1.7110 | 1.7045 | 1.6965 |
| MAR | 1.7030 | 1.7080 | 1.6990 | 1.6925 |
| JUN | 1.7000 | 1.7000 | 0 | 1.6850 |

#### LIFFE-STERLING £25,000 $ per £

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| DEC | 1.7082 | 1.7093 | 1.7093 | 1.6884 |
| MAR | 1.7057 | - | - | 1.6851 |
| JUN | 1.7000 | - | - | 1.6785 |

Estimated volume 5 (26)
Previous day's open int. 275 (297)

### CHICAGO

#### U.S. TREASURY BONDS (CBT) 8%

#### U.S. TREASURY BILLS (IMM)

#### JAPANESE YEN (IMM)

#### DEUTSCHE MARK (IMM)

#### THREE-MONTH EURODOLLAR (IMM)

#### SWISS FRANC (IMM)

SFr 125,000 $ per SFr

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| DEC | 0.6963 | 0.6976 | 0.6933 | 0.6927 |
| MAR | 0.7022 | 0.7036 | 0.7012 | 0.6988 |
| JUN | 0.7098 | 0.7100 | 0.7098 | 0.7047 |
| SEP | 0 | 0 | 0 | 0.7114 |

#### STANDARD & POORS 500 INDEX

$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| DEC | 0 | 0 | 0 | 229.75 |
| MAR | 0 | 0 | 0 | 231.60 |
| JUN | 0 | 0 | 0 | 235.40 |

## MONEY MARKETS

# Pressure for cut in UK base rates

Pressure mounted for another cut in UK bank base rates yesterday, as the dollar slumped on the foreign exchanges, and sterling rose above $1.70 for the first time in five years.

Three-month interbank interbank fell to 9⅜-9¼ p.c. from 9¾-9⅝ p.c.

In New York the US Federal Reserve added reserves to the banking system, through overnight system repurchases announced on Tuesday. The action was to meet a large credit shortfall, stemming from high Treasury balances at the Fed. By making Tuesday's announcement the central bank allowed dealers time to obtain sufficient collateral.

**UK clearing bank base lending rate 9½ per cent from October 26**

Federal funds opened at 6¾ p.c. in New York, but firmed slightly to 6⅝ p.c., compared with an average of 7.14 p.c. on Tuesday.

The Bank of England initially forecast a money market shortage of £100m, but revised this to £200m at noon, and to £150m in the afternoon.

The authorities did not operate to buy bills in the market during the morning or the afternoon, but provided late assistance of around £205m.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £720m, with a rise in the note circulation absorbing £105m. These outweighed Exchequer transactions adding £700m to liquidity and bank balances above target of £20m.

In Frankfurt the Bundesbank provided liquidity to the banking system to prevent call money rising to 4 p.c. In providing funds estimated at about DM1bn via currency swaps against the dollar, the central bank also helped ease upward pressure on the D-Mark on the foreign exchanges. Call money was quoted at 3.95 p.c., compared with 3.90 p.c. on Tuesday.

The swaps will unwind today, but banks will then receive liquidity through pension payments, which have drained funds from the system, feeding back into circulation.

Dealers commented that the Bundesbank might have been prepared to see tight credit conditions temporarily push call money up towards the Lombard emergency financing rate of 5 p.c. until the end of the month.

But the weakness of the dollar, and recent criticism from the US and Britain about tight West German monetary policy, had encouraged the central bank to provide liquidity.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. OCT 28) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 7¾ | offer 7⅞ | bid 7⅞ | offer 7⅞ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

#### NEW YORK (Lunchtime)

| | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 9 | One month | 4.11 | Three year | 7.94 |
| Broker loan rate | 8-8½ | Two month | 4.68 | Four year | 8.29 |
| Fed.funds | 6⅝ | Three month | 5.22 | Five year | 8.43 |
| Fed.funds at intervention | 7⅛ | Six month | 6.16 | Seven year | 8.76 |
| | | One year | 6.71 | 10-year | 8.97 |
| | | Two year | 7.62 | 30-year | 9.10 |

| OCT 28 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 3.90-4.00 | 3.85-4.00 | 3.85-4.00 | 4.55-4.70 | 4.65-4.80 | 5.00 |
| Paris | 7⅞-7⅞ | 7⅞-7⅞ | 7⅞-8⅛ | 8⅛-8⅜ | 8⅞-8⅞ | 7½ |
| Zurich | 12-17 | 3⅞-3⅞ | - | 4⅞-4⅞ | - | - |
| Amsterdam | 5⅛-5⅜ | 5⅞-5⅞ | - | 5⅞-5⅞ | - | - |
| Tokyo | 3.40625 | 3.84375 | - | 3.96875 | - | - |
| Milan | 10⅞-10⅞ | 10⅞-11⅛ | - | 11⅞-12⅛ | - | - |
| Brussels | 5.65 | 6⅞-6⅞ | - | 7-7⅞ | - | - |
| Dublin | 8-8⅛ | 8⅞-8⅞ | 8⅞-9 | 8⅞-9⅛ | 9⅛-9½ | - |

### LONDON MONEY RATES

| Oct.28 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 11-6 | 9⅞-9 | 9⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ | 9⅞-9⅞ |
| Sterling CDs | - | - | 9⅞-9⅞ | 9⅞-8⅞ | 9-8⅞ | 9-8⅞ |
| Local Authority Deps. | 9⅞ | 9⅞ | 9⅞ | 9⅞ | 9⅞ | 9⅞ |
| Local Authority Bonds | - | - | 9⅞ | 9⅞ | 9⅞ | 9⅞-9⅞ |
| Discount Mkt. Deps. | 9⅞-9 | 9⅞ | 9⅞ | 8⅞ | - | - |
| Company Deposits | 9⅞ | 9⅞ | 9⅞ | 9⅞ | 9⅞ | 9⅞ |
| Finance House Deposits | - | - | 9⅞ | 9⅞ | 9⅞ | 9⅞ |
| Treasury Bills (Buy) | - | - | 8⅞ | 8⅞ | - | - |
| Bank Bills (Buy) | - | - | 9 | 8⅞ | 8⅞ | - |
| Fine Trade Bills (Buy) | - | - | 9⅞ | 9⅞ | 9⅞ | - |
| Dollar CDs | - | - | 7.20-7.35 | 7.70-7.65 | 7.80-7.75 | 8.15-8.10 |
| SDR Linked Deposits | - | - | 6⅞-6⅞ | 6⅞-6⅞ | 7-6⅞ | 7⅞-7 |
| ECU Linked Deposits | - | - | 6⅞-6⅞ | 7⅞-7⅞ | 7⅞-7⅞ | 8⅞-7⅞ |

Treasury Bills (sell): one-month 8⅞ per cent; three months 8⅞ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8⅞ per cent; Treasury Bills: Average tender rate of discount 9.7258 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day SEPTEMBER 30, 1987. Agreed rates for period OCTOBER 26 to NOVEMBER 24, 1987, Scheme I: 11.42 p.c., Schemes II & III: 11.47 p.c. Reference rate for period August 29 to SEPTEMBER 30, 1987, Scheme IV: 10.219 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from OCTOBER 1, 1987: Bank Deposit Rates for sums at seven days notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month — per cent; one-three months — per cent; three-six months — per cent; six-nine months — per cent; nine-twelve months — per cent; Under £100,000 — per cent from OCTOBER 26, Deposits withdrawn for cash — per cent.



## Company Notices

GT Investment Fund SICAV
GT Europe Fund SICAV
GT Deutschland Fund SICAV
GT Biotechnology & Health Fund SICAV
GT UK Small Companies Fund SICAV
GT US Small Companies Fund SICAV

2, boulevard Royal
L-2953 LUXEMBOURG

NOTICE TO SHAREHOLDERS

The directors have resolved that the suspension of subscriptions and redemptions with effect from 20th October 1987 previously announced shall be cancelled.

Consequently subscriptions and redemptions requests made to the fund since 20th October 1987 will be dealt with on 23rd October 1987 at the price per share calculated that day and requests received from the commencement of business on 23rd October 1987 will be dealt with in the normal manner.

By order of the board

**Österreichische Länderbank Aktiengesellschaft Vienna**

NOTICE TO THE HOLDERS OF WARRANTS 1986-1989 SECURITY IDENTIFICATION No. —075 197—

NOTICE IS HEREBY GIVEN to the holders of Warrants 1986-1989 of Österreichische Länderbank Aktiengesellschaft of the reduction of the exercise price from AS 395.— to AS 394.— for one participation certificate in the nominal value of AS 100.

Vienna, October 1987.

Österreichische Länderbank Aktiengesellschaft

**G.T. ASIA (STERLING) FUND LIMITED PO BOX 428 ST. HELIER, JERSEY**

With effect 27.10.87 the directors have recommended the pricing of the fund

## Legal Notice

NOTICE TO COMPANY OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS PURSUANT TO SECTION 46(1)(a) OF THE INSOLVENCY ACT 1986

Company Number: 1733958

Name of Company:

NORMPLANT (ACCESS EQUIPMENT) LIMITED

We CYRIL WALTER NIELD and ROBERT EDWARD CAUNCE COOK of St James's House, Charlotte Street, Manchester M1 4DZ hereby give notice that on the 13 day of October 1987 we were appointed joint administrative receivers of the above named company by Lloyds Bank plc under the terms of a debenture dated 16 August 1983 giving the holders a fixed and floating charge over the assets of the company.

CYRIL WALTER NIELD
ROBERT EDWARD CAUNCE COOK

**THORNTON INTERNATIONAL OPPORTUNITIES FUND**
(formerly The Establishment Trust)
Investment Company with Variable Capital
43, boulevard Royal, Luxembourg
R.C. Luxembourg B 21.743

At the Extraordinary General Meeting held on September 9, 1987, the Articles of Incorporation were amended so as to change the name of the company into "Thornton International Opportunities Fund."

Please return your share certificate(s) relating to your holding in the company by 30th November 1987 in order that it/they may be officially stamped to reflect this change. After that date the share certificates will be no more of good delivery at the Luxembourg Stock Exchange and the shares will be listed at the Luxembourg Stock Exchange under the new name of the company.

The certificate(s) should be returned to:

Kredietbank S.A. Luxembourgeoise
(Listing and Paying Agent)
43, boulevard Royal
2955 Luxembourg
Grand Duchy of Luxembourg

or

The Bank of Bermuda (Guernsey) Limited
P.O. Box 208
Bermuda House, St. Julian's Avenue
St. Peter Port
Guernsey, Channel Islands

By order of the Board of Directors

# WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | WEDNESDAY OCTOBER 28 1987 | | | | | TUESDAY OCTOBER 27 1987 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1987 High | 1987 Low | Year ago (approx) |
| Australia (90) | 108.93 | +5.0 | 94.42 | 103.63 | 3.83 | 103.70 | 90.65 | 98.39 | 180.81 | 99.92 | 90.94 |
| Austria (16) | 94.19 | −0.3 | 81.64 | 85.71 | 2.40 | 94.48 | 82.59 | 86.81 | 102.87 | 85.53 | 94.16 |
| Belgium (48) | 101.75 | −4.6 | 88.19 | 92.09 | 5.10 | 106.61 | 93.20 | 97.54 | 134.89 | 96.19 | 89.06 |
| Canada (129) | 98.15 | −1.2 | 85.07 | 93.71 | 3.17 | 99.37 | 86.86 | 94.87 | 141.78 | 98.15 | 97.79 |
| Denmark (38) | 107.11 | −2.1 | 92.83 | 98.11 | 3.00 | 109.44 | 95.67 | 100.77 | 124.83 | 98.18 | 96.31 |
| France (121) | 79.10 | −8.2 | 68.56 | 72.90 | 3.77 | 86.17 | 75.33 | 79.85 | 121.82 | 79.10 | 93.18 |
| West Germany (93) | 79.93 | −4.7 | 69.28 | 72.84 | 2.59 | 83.91 | 73.35 | 76.93 | 104.93 | 79.93 | 90.39 |
| Hong Kong (46) | 91.75 | −0.6 | 79.52 | 91.95 | 5.29 | 92.34 | 80.72 | 92.57 | 158.68 | 89.59 | 91.28 |
| Ireland (14) | 106.30 | −9.7 | 92.14 | 98.51 | 4.54 | 117.67 | 102.86 | 109.69 | 160.22 | 99.50 | 82.96 |
| Italy (95) | 79.84 | −1.8 | 69.20 | 75.64 | 2.51 | 81.27 | 71.05 | 77.39 | 112.11 | 79.84 | 100.13 |
| Japan (458) | 131.12 | +0.8 | 113.65 | 115.41 | 0.58 | 130.05 | 113.69 | 116.40 | 161.28 | 100.00 | 86.71 |
| Malaysia (36) | 105.99 | −8.2 | 91.86 | 102.69 | 3.55 | 115.50 | 100.97 | 112.11 | 193.64 | 98.24 | 104.80 |
| Mexico (14) | 223.38 | −10.0 | 193.61 | 400.54 | 0.75 | 248.28 | 217.04 | 446.41 | 422.59 | 99.72 | 82.71 |
| Netherland (37) | 94.77 | −4.5 | 82.14 | 85.42 | 5.23 | 99.28 | 86.79 | 89.95 | 131.41 | 94.77 | 91.22 |
| New Zealand (23) | 90.77 | +0.4 | 78.68 | 80.80 | 3.83 | 90.44 | 79.06 | 77.89 | 138.99 | 83.93 | 83.85 |
| Norway (24) | 123.37 | −4.3 | 106.93 | 109.13 | 2.50 | 128.94 | 112.71 | 114.41 | 185.01 | 100.00 | 101.50 |
| Singapore (27) | 91.80 | −7.2 | 79.57 | 87.80 | 2.72 | 98.97 | 86.51 | 94.75 | 174.28 | 91.80 | 104.43 |
| South Africa (61) | 137.02 | +1.9 | 118.76 | 106.05 | 3.99 | 134.46 | 117.54 | 103.16 | 198.09 | 100.00 | 93.07 |
| Spain (43) | 127.70 | −3.0 | 110.68 | 110.96 | 3.63 | 131.65 | 115.08 | 114.85 | 168.81 | 100.00 | 87.38 |
| Sweden (34) | 105.22 | −5.0 | 91.20 | 97.16 | 2.35 | 110.77 | 96.83 | 102.70 | 136.64 | 90.85 | 99.30 |
| Switzerland (53) | 80.90 | −4.6 | 70.12 | 72.43 | 2.28 | 84.78 | 74.11 | 76.43 | 111.11 | 80.90 | 91.62 |
| United Kingdom (333) | 116.25 | −1.7 | 100.76 | 100.76 | 4.47 | 118.29 | 103.41 | 103.41 | 162.87 | 99.65 | 90.95 |
| USA (583) | 95.18 | +0.2 | 82.50 | 95.18 | 3.88 | 94.99 | 83.04 | 94.99 | 137.42 | 92.83 | 100.37 |
| Europe (949) | 97.63 | −3.3 | 84.62 | 87.05 | 3.80 | 101.01 | 88.30 | 90.70 | 130.02 | 97.63 | 92.07 |
| Pacific Basin (680) | 128.75 | +0.9 | 111.59 | 114.04 | 0.80 | 127.62 | 111.56 | 114.80 | 158.77 | 100.00 | 87.05 |
| Euro–Pacific (1629) | 116.34 | −0.6 | 100.83 | 103.27 | 1.81 | 117.02 | 102.29 | 105.19 | 143.65 | 100.00 | 89.04 |
| North America (712) | 95.34 | +0.1 | 82.63 | 95.12 | 3.84 | 95.23 | 83.24 | 95.01 | 137.55 | 93.20 | 100.23 |
| Europe Ex. UK (616) | 86.08 | −4.7 | 74.61 | 78.59 | 3.25 | 90.29 | 78.93 | 82.92 | 111.97 | 86.08 | 93.22 |
| Pacific Ex. Japan (222) | 100.13 | +1.9 | 86.79 | 96.44 | 4.22 | 98.29 | 85.92 | 94.30 | 164.03 | 98.29 | 91.21 |
| World Ex. US (1833) | 115.98 | −0.6 | 100.53 | 103.17 | 1.88 | 116.67 | 101.98 | 105.03 | 143.38 | 100.00 | 89.39 |
| World Ex. UK (2083) | 107.12 | −0.2 | 92.84 | 100.40 | 2.36 | 107.29 | 93.79 | 101.36 | 138.82 | 100.00 | 93.93 |
| World Ex. So. Af. (2355) | 107.73 | −0.3 | 93.37 | 100.33 | 2.55 | 108.09 | 94.49 | 101.48 | 139.47 | 100.00 | 93.66 |
| World Ex. Japan (1958) | 96.81 | −1.0 | 83.91 | 92.76 | 3.84 | 97.84 | 85.53 | 93.95 | 134.22 | 96.44 | 97.00 |
| The World Index (2416) | 107.92 | −0.3 | 93.54 | 100.40 | 2.56 | 108.26 | 94.64 | 101.52 | 139.73 | 100.00 | 93.66 |

Base values: Dec 31, 1986 = 100



Amendments to indices for October 27 applied to the following: Ireland, the regional indices, and The World Index.
New York market closed at 14.00hrs. local time October 27 and 28.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov 87 Vol. | Nov 87 Last | Feb 88 Vol. | Feb 88 Last | May 88 Vol. | May 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $460 | 25 | 22.50 | 233 | 38.50 | 5 | 55 | $478.10 |
| GOLD C | $500 | 153 | 6 | 130 | 21.90 | 31 | 29.50 | " |
| GOLD C | $520 | 28 | 2.20 | 84 | 15 | 56 | 23 | " |
| GOLD P | $380 | 75 | 0.30 | — | — | — | — | " |
| GOLD P | $420 | 11 | 0.50 | 10 | 3.50 | — | — | " |
| GOLD P | $460 | 15 | 3.80A | 70 | 10.50B | — | — | " |
| GOLD P | $480 | 467 | 11 | 20 | 16.50 | — | — | " |
| | | Nov. 87 | | Dec. 87 | | Jan. 87 | | |
| $/FL C | FL200 | 25 | 1.60 | 130 | 2.40 | 12 | 3.50 | FL197.20 |
| $/FL C | FL205 | 15 | 0.60 | 40 | 1.40 | 24 | 1.60 | " |
| $/FL C | FL210 | — | — | 50 | 0.75 | — | — | " |
| $/FL C | FL215 | — | — | 45 | 0.50 | — | — | " |
| $/FL P | FL190 | 54 | 1.50 | 108 | 2.50A | 86 | 3.50 | " |
| $/FL P | FL195 | 1071 | 3 | 195 | 4.20 | 35 | 5.50 | " |
| $/FL P | FL200 | 217 | 4.70 | 300 | 6.45 | 60 | 7.80B | " |
| $/FL P | FL205 | 250 | 8.80B | 93 | 9.30 | 10 | 11 | " |
| $/FL P | FL210 | — | — | 16 | 14.50 | — | — | " |
| | | Mar. 88 | | June 88 | | Sep. 88 | | |
| $/FL C | FL200 | — | — | 5 | 5.10 | 30 | 5.50 | FL197.20 |
| $/FL C | FL205 | 30 | 2.50 | — | — | — | — | " |
| $/FL P | FL190 | 46 | 4.70 | 32 | 6 | — | — | " |
| $/FL P | FL195 | 19 | 5.80A | 22 | 7.60 | — | — | " |
| $/FL P | FL205 | 108 | 11.50B | — | — | — | — | " |
| $/FL P | FL210 | 64 | 16.50 | — | — | — | — | " |

| | | Jan. 88 Vol. | Jan. 88 Last | Apr. 88 Vol. | Apr. 88 Last | Jul. 88 Vol. | Jul. 88 Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN C | FL44 | 334 | 1.20 | — | — | — | — | FL36.80 |
| ABN P | FL44 | 513 | 8.50A | — | — | — | — | " |
| AEGON C | FL75 | 81 | 1.50 | — | — | — | — | FL56.70 |
| AGEON P | FL55 | 28 | 4.50A | 20 | 4.70 | — | — | " |
| AHOLD C | FL70 | 36 | 4 | 18 | 7 | 2 | 6.50 | FL58.60 |
| AHOLD P | FL70 | 263 | 15 | 6 | 15.50B | 10 | 16 | " |
| AKZO C | FL130 | 642 | 5.70 | 42 | 10.80 | — | — | FL114 |
| AMEV P | FL60 | 417 | 19 | 10 | 19.50A | 43 | 20 | FL43 |
| AMRO C | FL65 | 323 | 2.50 | 29 | 4.30 | 7 | 5 | FL59.50 |
| AMRO P | FL60 | 115 | 5 | 37 | 5.10 | — | — | " |
| ELSEVIER C | FL50 | 164 | 1.20 | 16 | 2.40 | 1 | 4.50A | FL39.50 |
| ELSEVIER P | FL35 | 95 | 3.20 | — | — | — | — | " |
| GIST-BROC. C | FL45 | 25 | 1.30 | 112 | 2.30 | — | — | FL34.30 |
| GIST-BROC. P | FL35 | 381 | 4.50 | — | — | 20 | 6.30 | " |
| HEINEKEN C | FL180 | 38 | 1.80 | 3 | 3 | — | — | FL124 |
| HOOGOVENS C | FL35 | 67 | 2.60 | 9 | 4.80 | — | — | FL33.50 |
| HOOGOVENS P | FL35 | 227 | 5 | 9 | 5 | 5 | 5.50B | " |
| KLM C | FL40 | 318 | 2.70 | 14 | 4.20 | 17 | 5.50 | FL34.80 |
| KLM P | FL35 | 249 | 4.60 | 113 | 5 | 149 | 5.20 | " |
| NEDLLOYD C | FL200 | 49 | 2.30 | — | — | — | — | FL129 |
| NEDLLOYD P | FL120 | 254 | 6.50 | — | — | — | — | " |
| NAT NED C | FL60 | 175 | 1.60 | 10 | 3.30 | 13 | 4.30 | FL49.60 |
| PHILIPS C | FL40 | 807 | 2.80 | 131 | 3.80 | 43 | 4.60 | FL35.60 |
| PHILIPS P | FL35 | 1131 | 3.50 | 190 | 4.50 | 181 | 5.50 | " |
| ROYAL DUTCH C | FL250 | 711 | 3.50 | 11 | 6 | 4 | 10 | FL207 |
| ROBECO C | FL85 | 127 | 6.50 | — | — | — | — | FL82.50 |
| ROBECO P | FL85 | 121 | 13.50 | 2 | 13.50B | — | — | " |
| UNILEVER C | FL120 | 414 | 5 | 60 | 9.10 | 165 | 14 | FL103 |
| UNILEVER P | FL90 | 461 | 6 | 106 | 8.70 | 11 | 10 | " |

TOTAL VOLUME IN CONTRACTS: 55,753

A=Ask B=Bid C=Call P=Put

## BASE LENDING RATES

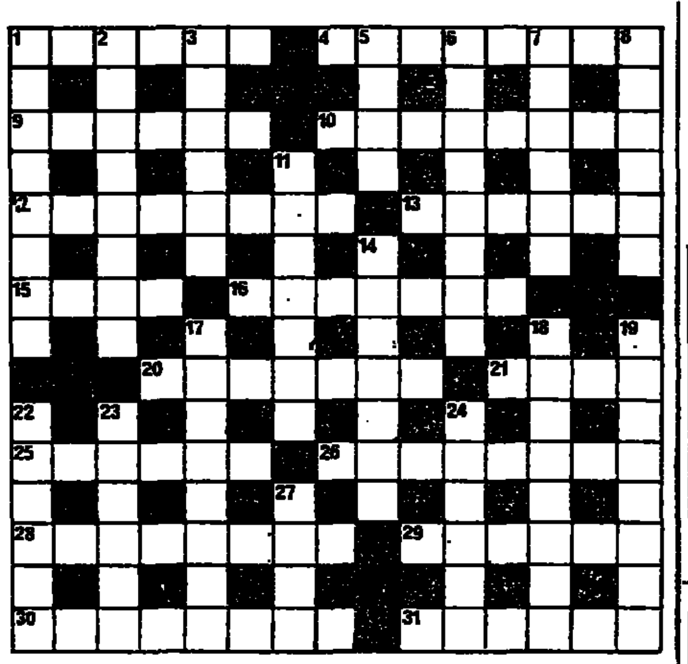
| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 9½ | ● Charterhouse Bank | 10 | Nat Bk. of Kuwait | 9½ |
| Adam & Company | 10 | Citibank NA | 9½ | NatWestminster | 9½ |
| Allied Arab Bk Ltd | 10 | City Merchants Bank | 9½ | Northern Bank Ltd | 9½ |
| Allied Dunbar & Co | 9½ | Clydesdale Bank | 9½ | Norwich Gen. Trust | 9½ |
| Allied Irish Bank | 9½ | Comm. Bk. N. East | 9½ | PK Finans. Intl (UK) | 10 |
| American Exp. Bk | 9½ | Consolidated Cred | 9½ | Provincial Trust Ltd | 11 |
| Amro Bank | 9½ | Co-operative Bank | ★ 9½ | R. Raphael & Sons | 9½ |
| Henry Ansbacher | 10 | Cyprus Popular Bk | 9½ | Roxburghe G'rantee | 10½ |
| ANZ Banking Group | 9½ | Duncan Lawrie | 9½ | Royal Bk of Scotland | 9½ |
| Associates Cap Corp | 10 | Equat'l Tst C'p plc | 10 | Royal Trust Bank | 9½ |
| Authority & Co Ltd | 9½ | Exeter Trust Ltd | 10 | Smith Williams Secs | 9½ |
| Banco de Bilbao | 9½ | Financial & Gen. Sec | 9½ | Standard Chartered | 9½ |
| Bank Hapoalim | 9½ | First Nat. Fin. Corp | 11 | TSB | 9½ |
| Bank Leumi (UK) | 9½ | First Nat. Sec. Ltd | 11 | UDT Mortgage Exp | ¶11.1 |
| Bank Credit & Comm | 9½ | ● Robert Fleming & Co | 9½ | United Bk of Kuwait | 9½ |
| Bank of Cyprus | 9½ | Robert Fraser & Ptrs | 10½ | United Mizrahi Bank | 9½ |
| Bank of Ireland | 9½ | Girobank | 9½ | Unity Trust PLC | 9½ |
| Bank of India | 9½ | Grindlays Bank | 9½ | Western Trust | 10 |
| Bank of Scotland | 9½ | ● Guinness Mahon | 9½ | Westpac Bank Corp | 9½ |
| Banque Belge Ltd | 9½ | HFC Trust & Savings | 9½ | Whiteaway Laidlaw | 10 |
| Barclays Bank | 9½ | ● Hambros Bank | 9½ | Yorkshire Bank | 9½ |
| Beneficial Tst Ltd | 9½ | Heritable & Gen. Tst | 9½ | | |
| Beneficial Trust Ltd | 11 | ● Hill Samuel | § 9½ | | |
| Berliner Bank AG | 9½ | C. Hoare & Co | 9½ | | |
| Brit Bk of Mid East | 9½ | Hongkong & Shangh | 9½ | | |
| Brown Shipley | 10 | Lloyds Bank | 9½ | | |
| Business Mtge Tst | 10 | Meghraj & Sons Ltd | 9½ | | |
| Cl. Bank Nederland | 9½ | Midland Bank | 9½ | | |
| Central Capital | 9½ | ● Morgan Grenfell | 9½ | | |
| Cayzer Ltd | 9½ | Mt Credit Cpn Ltd | 10 | | |

● Members of the Accepting Houses Committee. ★ 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.49%. Mortgage 11.125%.



## FT CROSSWORD PUZZLE No. 6,468

VIXEN



### ACROSS

1 Allowing a good man to have the last word is a bit of a bloomer! (6)
4 Standard cut, in a manner of speaking (8)
9 Long held by great judges (6)
10 A hanger-on in the main (8)
12 Cross when few follow soldiers in short (8)
13 Direction given for cure—so involved (6)
15 It's essential in anyone educated (4)
16 A case for those concerned with policy-making (7)
20 To feel strongly about a lie's unusual (7)
21 The accountant backing a man gets hurt (4)
25 Looks for a singing group (6)
26 Meadows in perfect setting may well occasion delight (8)
28 Told about taking wine in the long grass (8)
29 Really fit—can look fantastic! (2,4)
30 Exchanging about a quarter has become pressing (8)
31 Grasping dull newspaper leader contents (6)

### DOWN

1 Produce notes about sound use of the camera (8)
2 "Can storied urn or ---- bust back to its mansion call the fleeting breath?" Gray (Elegy) (8)
3 A city at one time tree-scattered (6)
5 A man some find a cad—amusing though (4)
6 His very existence is dependent on British capital (8)
7 Against retiring before the age required in Italy (6)
8 A sporting team is built up one by one (6)
11 The charge for two-way viewing last month (7)
14 A girl and without love books! (7)
17 Replaced stock in a bright colour (8)
18 Nice article about a minister (8)
19 Coin deposited in bank not very long since (8)
22 Get around a bishop, having room (6)
23 Model shown by representative in market (6)
24 The way men ran new organisation (6)
27 Eager to be a mourner (4)

### Solution to Puzzle No. 6,467

```
#GLOBE#ARTICHOKE
S#A#L#F#A#H#K#T
LISLE#OBSTINATE
A#S#A#R#T#S#P#R
THISTLE#ETESIAN
E#T###S###L###A
SAUNA#ANGELICAL
##D#V#I#E#E#A##
PRETENDER#DEBUT
L###R###M###A#H
EXCITER#ABSOLVE
D#A#A#I#N#T#L#I
GARIBALDI#ABETS
E#A#L#E#U#L#R#M
TATTERDEMALION#
```

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

[illegible]

**Mercury Fund Managers—Contd.**

| | | | | |
|---|---|---|---|---|
| Gilt | 92.2 | 92.4 | -1.2 | 8.19 |
| (Accum Units) | 109.7 | 110.2 | -1.4 | 8.19 |
| Global Fund | 38.8 | 41.0 | -1.2 | 0.54 |
| (Accum Units) | 38.8 | 41.0 | -1.2 | 0.54 |
| High Income Fund | 41.7 | 44.1xd | -0.9 | 3.94 |
| (Accum Units) | 42.8 | 45.2xd | -1.1 | 3.94 |
| High Interest Fund | 44.4 | 46.9xd | +0.1 | 2.40 |
| (Accum Units) | 45.8 | 48.4xd | +0.1 | 2.40 |
| Income | 95.8 | 101.3 | +4.2 | 2.45 |
| (Accum Units) | 110.7 | 117.1 | +4.9 | 2.45 |
| International | 237.6 | 251.4 | -0.1 | 1.52 |
| (Accum Units) | 297.8 | 315.1 | -0.2 | 1.52 |
| Japan | 170.6 | 180.5 | -0.6 | 0.79 |
| (Accum Units) | 175.3 | 185.5 | -0.8 | 0.79 |
| Pacific Fund | 34.3 | 36.2 | +0.0 | 0.07 |
| (Accum Units) | 34.3 | 36.2 | +0.0 | 0.07 |
| Recovery | 123.2 | 130.3xd | -125.2 | 1.84 |
| (Accum Units) | 135.0 | 142.8xd | -137.2 | 1.84 |
| UK Smaller Co's Fund | 44.3 | 46.8xd | +1.8 | 1.53 |
| (Accum Units) | 44.3 | 46.8xd | +0.18 | 1.53 |

**Merlin Fund Mngment Ltd**
30 St James St, London SW1A 1HB 01-925 1277

| | | | | |
|---|---|---|---|---|
| Merlin Oct 28 | 510.5 | 518.05 | -71.0 | 1.30 |

**Metropolitan Unit Trust Mngrs Ltd**
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

| | | | | |
|---|---|---|---|---|
| UK Income Fund | 53.5 | 56.9xd | +2.3 | 5.27 |
| Accum Units | 54.1 | 57.5xd | +2.3 | 5.22 |
| UK Growth Fund Acc | 47.6 | 50.6 | -1.9 | 1.98 |
| Global Income Fund | 44.2 | 47.0 | -0.2 | 4.26 |
| Accum Units | 44.2 | 47.0 | -0.2 | 4.26 |
| Global Growth Fund | 36.1 | 38.4 | -0.9 | 0.65 |

**Midland Bank Group UT Mngrs. Ltd**
Courtwood House, Silver St, Head, Sheffield S1 3RD. Tel: 0742 769842

| | | | | |
|---|---|---|---|---|
| Capital | 94.1 | 99.9 | -3.5 | 1.53 |
| (Accum Units) | 130.1 | 138.2 | -4.9 | 1.53 |
| Commodity & Gen. | 145.0 | 153.9 | +0.7 | 1.75 |
| (Accum Units) | 207.2 | 219.9 | +1.2 | 1.75 |
| European Growth | 105.3 | 111.8 | -0.2 | 1.25 |
| (Accum Units) | 127.0 | 134.9 | -0.3 | 1.25 |
| Extra High Inc | 64.0 | 68.0xd | -0.6 | 7.33 |
| (Accum Units) | 79.6 | 84.5 | -0.8 | 7.33 |
| Gilt & Fxd. Int. | 54.4 | 54.9 | +0.2 | 8.21 |
| (Accum Units) | 96.8 | 101.1 | +0.5 | 8.21 |
| High Yield | 179.9 | 190.9 | -3.1 | 5.07 |
| (Accum Units) | 318.3 | 337.4 | -5.4 | 5.07 |

**Provident Mutual Unit Trust Managers Ltd.**
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

| | | | | |
|---|---|---|---|---|
| PM Equity Growth | 96.7 | 102.9 | -2.4 | 1.22 |
| PM Income and Growth | 86.2 | 91.8 | -1.7 | 3.59 |
| PM N American Growth | 38.4 | 40.8 | +0.6 | 0.48 |
| PM European Growth | 42.5 | 45.2 | -0.2 | 0.49 |
| PM Japan Growth | 39.8 | 42.4 | -0.3 | 0.42 |
| PM Overseas Growth | 41.8 | 44.4 | +0.2 | 0.57 |

**Prudential Holborn Unit Trusts Ltd(a) (b) (c)**
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Unit Line 0800 010345

| | | | | |
|---|---|---|---|---|
| Holborn Comm Tst | 59.7 | 64.1 | ... | 0.47 |
| Holborn Equity Income | 59.6 | 64.0 | ... | 3.90 |
| Holborn Equity Tst | 421.3 | 450.7xd | ... | 2.89 |
| Holborn European Tst | 94.2 | 100.7 | ... | 0.85 |
| Holborn High Inc Tst | 75.3 | 80.9xd | ... | 5.19 |
| Holborn Intl Grth Tst | 87.4 | 93.5 | ... | 0.94 |
| Holborn Intl Sm Co | 38.0 | 40.5 | ... | 0.06 |
| Holborn Japanese Tst | 112.0 | 119.8xd | ... | 0.08 |
| Holborn N. Amer Tst | 58.4 | 64.6 | ... | 0.74 |
| Holborn Premier Inc | 42.2 | 45.1 | ... | 2.10 |
| Holborn Sm Cos Tst | 62.6 | 67.3xd | ... | 1.69 |
| Holborn Spec Sits Tst | 71.0 | 75.9 | ... | 1.85 |
| Holborn UK Growth Tst | 80.6 | 86.4 | ... | 2.07 |

**Quilter Management Co Ltd**
31-45 Gresham Street, London EC2 01-600 4177

| | | | | |
|---|---|---|---|---|
| Quadrant Gen Fd | 529.0 | 560.7xd | ... | 1.79 |
| Quadrant Income | 267.6 | 283.2 | ... | 4.67 |
| Quadrant Intl. Fund | 357.0 | 377.8 | ... | 1.33 |
| Quadrant Spec. Sits | 354.0 | 375.5xd | ... | 1.55 |

**Reliance Unit Mgrs. Ltd**
Reliance House, Tonbridge Wells, Kent 0892 510039

| | | | | |
|---|---|---|---|---|
| British Life | 175.3 | 186.4xd | -9.6 | 3.24 |
| Reliance Unit Tst (Inc) | 126.1 | 134.1xd | -11.7 | 1.96 |
| Reliance Ut Tst (Acc) | 170.8 | 181.6 | -15.7 | 1.96 |

**Rensburg Fund Managers**
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

| | | | | |
|---|---|---|---|---|
| Internat. Growth Trust | 39.0 | 42.0xd | ... | — |

**N.M. Rothschild Fund Mgmt**
St Swithin's Lane, London EC4 01-634 2981/4

| | | | | |
|---|---|---|---|---|
| NC America (Inc) | 214.2 | 227.8 | +1.4 | 1.02 |
| NC America (Acc) | 236.5 | 251.5 | +1.4 | 1.02 |

# INSURANCES

Continued on next page

# FT UNIT TRUST INFORMATION SERVICE

## MANAGEMENT SERVICES

## OFFSHORE AND OVERSEAS

# FT UNIT TRUST INFORMATION SERVICE

# LONDON SHARE SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

## BRITISH FUNDS—Contd

Undated

Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS

Building Societies

Public Board and Ind.

Financial

## FOREIGN BONDS & RAILS

## AMERICANS

Continued on next page

## Money Market Bank Accounts

## Money Market Trust Funds

UNIT TRUST NOTES

# LONDON SHARE SERVICE

## AMERICANS—Continued

| 1987 High | 1987 Low | Stock | Price $ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 39 | 21⅝ | Rep NY Corpn $5 | 21⅞ | +⅛ | $1.16 | — | 3.3 |
| 18¾ | 8¾ | Rockwell Intl. $1 | 10¼ | –⅞ | 66c | — | 3.8 |
| 30⅞ | 16¼ | Sara Lee $1 | 23⅞xd | +1⅛ | $1.00 | — | 2.9 |
| 11⅞ | 8⅞ | Saul (B. F.) $1 | 10⅞ | –⅛ | 20c | — | 1.2 |
| 27½ | 21¼ | Southwestern Bell $1 | 22⅝ | +⅝ | h$2.32 | — | 6.4 |
| 22¼ | 12 | Staley Continental | 12 | –¼ | 80c | — | 4.1 |
| 44⅞ | 21⅝ | Sun Co. Inc. $1 | 28⅝ | +½ | $3.00 | — | 6.5 |
| 42¼ | 24 | TRW Inc. $0.625 | 25⅝ | +⅞ | h$1.60 | — | 4.0 |
| 37⅛ | 22⅞ | Tenneco $5 | 23⅞ | +⅞ | $3.04 | — | 8.0 |
| 220 | 149½ | Do. 10pcLn.Stk. 91-5 | 150xd | ..... | 10% | — | 14.7 |
| 29⅝ | 16⅝ | Texaco $6.25 | 16⅞xd | +⅞ | $3.00 | — | 10.9 |
| 74⅞ | 45 | Time Inc. $1 | 45¼xd | +¼ | $1.00 | — | 1.4 |
| 20⅞ | 11 | Tracor $0.33 | 17⅞xd | –½ | 40c | — | 1.4 |
| 30¼ | 15⅞ | Transamerica $1 | 16⅞xd | –⅝ | $1.84 | — | 6.8 |
| 14⅝ | 1¼ | Transworld Corp $5 | 652p | –22 | 20c | — | 1.9 |
| 27⅛ | 12½ | TRINOVA Corp. | 12⅝ | +⅛ | h$1.00 | — | 4.9 |
| 24⅞ | 12⅝ | ♥USX $1 | 14⅝ | ..... | $1.20 | — | 4.9 |
| 19⅝ | 11 | Union Carbide $1 | 11⅞ | +⅞ | $1.50 | — | 8.0 |
| 37⅞ | 19⅞ | Utd. Technologies | 20xd | +⅛ | $1.40 | — | 4.3 |
| 38⅝ | 26½ | US West | 29½ | +¼ | $3.28 | — | 6.8 |
| 30½ | 17⅛ | Waste Management $1 | 19⅛ | +½ | — | — | — |
| 31⅛ | 14⅛ | Whirlpool $1.0 | 14⅛ | ..... | — | — | — |
| 37⅛ | 18⅞ | ♥Woolworth $3½ | 18⅞ | –⅞ | $1.32 | — | 4.3 |

## CANADIANS

| 1987 High | 1987 Low | Stock | Price | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 571p | 260p | ABM Gold Corp ‖ | 260p | –4 | — | — | — |
| 26¼p | 10p | ♥Abbot Energy Corp. | 20p | –6 | — | — | — |
| 18⅝ | 506p | ♥Amer. Barrick Res. | 988pxc | +33 | — | — | — |
| 136p | 32p | Amer. Daleco | 34½p | ..... | — | — | — |
| 141p | 9p | American Lightwave | 9p | ..... | — | — | — |
| 122p | 44½p | ♥Ameeno | 44½p | –½ | — | — | — |
| 117 | 44 | Augmitto Expln. | 56½p | +½ | — | — | — |
| 19⅝ | 11⅞ | Bk. Montreal ‖ | 11⅞ | –⅝ | $2.00 | — | 7.8 |

[illegible]

## BANKS, HP & LEASING

[illegible]

### Hire Purchase, Leasing, etc.

[illegible]

## BEERS, WINES & SPIRITS

[illegible]

## BUILDING, TIMBER, ROADS

[illegible]

## BUILDING, TIMBER, ROADS—Cont

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Cont.

[illegible]

## ELECTRICALS

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INDUSTRIALS—Continued

[illegible]

## INSURANCES

[illegible]

# LONDON SHARE SERVICE

## INSURANCES—Continued

| 1987 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| £11½ | 733 | Prudential | 778 | −19 | †29.0 | — | 5.1 | — |
| 598 | 395 | Refuge 5p | 408 | +5 | 15.75 | — | 5.3 | — |
| 575 | 345 | Royal | 380 | −10 | †h15.5 | — | 5.6 | — |
| 110 | 85 | Sphire Ins. Invs. | 87 | ..... | — | — | — | — |
| *345 | 188 | Sedgwick Group 10p | 209 | −4 | 12.0 | 1.7 | 7.9 | 8.9 |
| 339 | 180 | Steel Burrill J. 10p | 188 | −5 | †9.0 | 2.0 | 6.8 | 10.0 |
| 668 | 408 | Stewart Wr. 20p | 618 | ..... | ♦13.0 | 2.0 | 2.9 | 21.9 |
| 612 | 377 | Sturge Hldgs 20p | 403 | −7 | †h6.0 | 2.5 | 2.0 | 26.4 |
| £12¾ | 646 | Sun Alliance | 805xd | −53 | †23.5 | — | 4.0 | — |
| £13 | 905 | Sun Life 5p | 908 | ..... | †28.5 | — | 4.3 | — |
| £69½ | £39 | ¶Taisho M EDR | £42¾ | +1 | Q10% | — | 1.0 | — |
| £22¼ | £14¾ | Torchmark $1.00 | £15¼ | −¾ | Q$1.00 | — | 4.0 | — |
| 410 | 295 | Trade Indemnity | 350 | ..... | †4.3 | — | 1.7 | — |
| £36 | £21⅞ | Travelers $1.25 | £21⅞ | −1½ | $2.28 | — | 6.4 | — |
| £30¼ | £18¼ | USF & G Corp $2.50 | £18¼ | ..... | Q$2.48 | — | 8.3 | — |
| £33¾ | £16½ | USLIFE Corp. $1.0 | £17⅝ | ..... | Q$1.20 | 3.2 | 4.2 | 3.9 |
| 738 | 555 | ♦Utd Friendly B 10p | 630 | −20 | 21.0 | — | 4.6 | — |
| 464 | 267 | Willis Faber 12½p | 271 | −18 | †10.75 | 2.4 | 5.4 | 10.5 |
| 128 | 41 | Windsor Secs. 10p | 73 | −5 | †0.7 | 1.5 | 1.3 | — |

## LEISURE

## MOTORS

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PAPER, PRINTING—Continued

## PROPERTY

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TEXTILES—Cont.

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## FINANCE, LAND—Cont.

### Finance, Land, etc

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Diamond and Platinum

### Central African

### Finance

### Australians

## MINES—Continued

### Tins

### Miscellaneous

## THIRD MARKET

## NOTES

## REGIONAL & IRISH STOCKS

## TRADITIONAL OPTIONS

### 3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

# LONDON STOCK EXCHANGE

| Account Dealing Dates | | | |
|---|---|---|---|
| *First Dealings | Option Declarations | Last Dealings | Account Day |
| Sept 28 | Oct 8 | Oct 9 | Oct 19 |
| Oct 12 | Oct 22 | Oct 23 | Nov 2 |
| Oct 26 | Nov 5 | Nov 6 | Nov 16 |

*New time dealings may take place from 9.00am two business days earlier.

## Government bonds remain firm and equities rally from an early selling bout

THE UK securities markets fought through a tumultuous trading session yesterday, with both domestic and international factors influencing bond and equity sectors.

But what began as an extremely gloomy session in the equity market steadied towards the close when share prices rallied as Wall Street opened with an erratic trend.

Bonds, very strong during the morning, slipped well off their best levels at the end of the day as another US trading house withdrew from the eurobond market.

The FT-SE 100 Index ended a net 44.9 down at 1658.4, after showing a loss of more than 100 points as London waited apprehensively for Wall Street to open. The market was encouraged by its success in steadying at FT-SE 1598, which lent credence to hopes that 1600 will prove a support level.

The initial apprehension reflected two sets of bearish developments early in the session. The slide in the dollar triggered a sell-off of Japanese and US stocks in London. And a sudden assumption by the market that the £7.2bn British Petroleum share offer would proceed as planned sparked a selling bout as London houses raised cash to meet possible underwriting commitments.

Dealers in the Japanese equity area spoke of "an absolute hammering" of Japan's export stocks, which took prices back to the lowest levels seen a week ago when the Far Eastern markets first ran into heavy selling pressure.

The selling was a response to "the total lack of policy co-ordination throughout the world", said one trader. "We need confirmation that the Louvre accord on currencies still exists".

At the market's low point, there were losses of around 70p on such UK blue chips as **Glaxo** and **Imperial Chemical Industries** - the latter with trading results due today.

When Wall Street opened with a heavy setback, London losses were quickly extended and the market seemed to be heading for a repetition of last week's performance.

But some spots of blue were already appearing and the list of gains rapidly grew as Wall Street rallied. There was selective support for some bank stocks, although buyers avoided **Lloyds**, because of its Latin American exposure.

There was cautious support for consumer issues, which are likely to benefit if UK base rates are cut again. GUS and Bass stood out for this reason.

Analysts were undecided on whether yesterday's successful rally indicates a base level for the market. The optimists pointed out that the yield on the FT All-Share Index is now above the UK inflation rate, and that the late buyers were atttracted by the yields on blue chip stocks. However, the market remained very volatile, and was a prey to rumours of developments across the Atlantic.

The bond sector had an almost equally hectic session. Gains ranged to 2½ points during the first half of the session but were trimmed to a net ½ in long dates and ¾ in the mediums when the sector became nervous towards the close.

Business in the Gilt-edged sector appeared to be somewhat speculative and buyers quickly pulled out when rumours of strains at some trading houses brought a busy close in the futures market. Cash Treasuries were shading easier after the futures closed for the day. Early losses of around 20 or so in the clearing banks were erased later in the day when the Wall Street inspired rally got underway. A surge of buying interest was mostly directed towards **NatWest** and **Barclays**. The former - currently the subject of a 'buy' recommendation from securities house Klein wort Grieveson - had a 17 fall transformed into a net gain of 10 at the close when the shares settled at 570p. Kleinworts expect a "flight to quality" and to stocks with a "minimum overseas, especially US, exposure".

Merchant banks provided one of the day's few outstanding gains in **Kleinwort Benson** which surged 47 to 450p, matching the asking price of the near £150m rights issue which closes on November 5; dealers reported persistent speculative interest in the shares, regarded as a bid target for the past few months. **Morgan Grenfell** were 2 lower at 303p after issuing a statement that the bank is "committed to maintaining its US operations" despite detailing some £8m losses there since the steep falls in securities markets. **Leopold Josephrose** 10 to 483p as Peel Holdings announced it had increased its stake to 8.45 per cent.

The latest slide in the dollar unsettled insurance brokers where **Willis Faber** dropped 18 to 271p.

Breweries folowed the general trend with prices rallying from earlier depressed levels. However, **Bass**, reckoned to be one of the best defensive stocks, paticlularly against a weak dollar, moved ahead smartly in the late dealings to close 26 higher at 833p. **Allied Lyons**, down to around 319p at one stage, recovered to finish a shade better on the day at 338p.

The late rally extended to the Building sector in which initial falls were often erased and, in a few cases turned into net gains on the day. **BPB Industries** were a case in point, rallying from a depressed level of 242p to close 12 higher on balance at 257p. **Blue Circle**, having fallen to 305p, picked up to close 7 dearer on balance at 317p. **RMC** settled 7 lower on balance at 378p, after 373p, while **Redland** finished 5 cheaper at 364p, after 360p. **Rugby** gave a resilient performance throughout and closed 7 higher at 185p. French acquisition news bit into the share price of **Steetley** which fell away to 297p prior to closing 19 lower at 299p. **Barratt Developments** and **Costain**, both firmer on Tuesday reflecting revived takeover hopes, eased back amid profit-taking, the former losing 11 at 149p and the latter 5 at 178p.

**ICI**, third-quarter results due today, dipped below £10 at one stage prior to closing ⅜ easier on balance at £10⅛. **Wardle Storeys** encountered offerings in an unwilling market and fell 105 to 460p and **Yorkshire** shed 8 to 229p.

Interim profits from **Marks and Spencer** -£171.7m against £155m in the same period last year- were regarded as "slightly disappointing" by the market where forecasts had ranged from around £175m to £185m. Marks' shares initially retreated to 193p on the figures and the general slide in markets but later rallied to close only 4 easier on balance at 202p. **GUS 'A'** were a firm market all day and eventually settled ⅜ higher at £11½ following persistent buying interest from a single source. **Burton Group** also held up well and closed with only a modest loss at 220p as Kleinwort Grieveson joined a growing list of brokers recommendating the shares after a recent visit by analysts to the group's new Debenhams store in Hounslow.

**Next**, on the other hand, were heavily sold and dropped28 to 248p following adverse comment.

A rapid and strong rally developed in electricals where **British Telecom** managed a 4 gain to 229p after a turnover of 14m. **GEC**, down to 165p during the morning picked up to end the day a net 8 off at 173p while **Amstrad** - after the launch of its new portable personal computer - were only 4 cheaper at 118p, after being as low as 113p earlier. **Cable & Wireless**, hit recently by the slump in the Hong Kong market, dropped 18 to 286p, after 280p, as BZW lowered its profits forecast. **Harland Simon** moved up 8 to 205p in response to the acquisition of Vickerys Holdings for up to £4.03m.

Leading Foods for the most part were slow to rally although in the majority of cases prices closed above the day's lowest levels. **Tate and Lyle**, however, remained a friendless market throughout and settled 21 lower at 624p. **Cadbury Schweppes** on the other hand, attracted late support and touched 234p prior to closing 6 higher at 230p, while **Rowntree** closed virtually unchanged at 404p, after 402p. **Hillsdown** were only a couple of pence cheaper at 252p, after 246p and **Dalgety** finished a shade dearer on balance at 292p. Old takeover favourite **United Biscuits**, after dipping to 246p, picked up to close 5 higher on balance at 257p.

Hotels sustained further hefty losses before picking up in the late dealings. Nevertheless, **Grand Metropolitan** still showed a fall on the day of 39 at 361p and **Ladbroke** lost 22 at 307p, after 293p. **Trusthouse Forte** settled 7 cheaper at 193p, after 179p.

International stocks passed an extremely volatile trading session, particularly in the latter stages of dealings which reflected the early gyrations on Wall Street. Sentiment througout the day was soured by persistent weakness in the US dollar, but a half-hearted rally in transatlantic values after the first few hours of trading left most domestic quotations above the days lowest.**Beecham** mirrored the trend, settling 20 cheaper at 378p after having touched around 360p at one stage. **Glaxo** settled ½ down at £10⅝, while **Hansen Trust** finished a shade lower at 124p, after 117p. **Reuters** dipped to 402p before rallying to close at 426p, still down 46 on balance. Other dollar earners to fall away included **British Aerospace**, down 12 at 375p and **Cookson** 19 cheaper at 532p. Elsewere, **Pearson** weakened afresh to 595p, down 43, while **Hestair** dipped 17 to 224p. **London International**, however, continued the previous day's recovery movement and closed 7 to the good at 247p.

Currency influences hampered **Jaguar** which fell away to close 27 lower at 286p. **Lucas** reacted 19 to 490p.

Leading Properties closed well above the day's lowest levels reflecting the late upswing in equities. **Land Securities** settled 7 lower at 428p, after 420p while **MEPC** finished 22 down at 403p, after 395p. **British Land** ended 5 off at 223p and **Hammerson A** 32 down at 468p. **Peachey** were dull throughout and shed 13 to 325p, but **Slough Estates** rallied strongly from 208p to close a shade dearer on balance at 215p.**Chesterfield Properties** lost 30 at 490p after revealing lower full-year revenue. **Control Securities** dipped to 45p prior to closing only 3 cheaper on balance at 53p.

Engineers ended the day with widespread losses. **TI Group** weakened afresh to 274p, down 15, in the wake of the company's decision to pull out of its agreed $144m bid for Bundy of the US. **Molins**, partly unsettled by the dismissal of the company's managing director, dipped 21 to 209p.Other noteworthy falls included **Braithwaite**, down 25 at 240p and **Camford** which dipped 15 to 155p.

**Bat Industries** came under selling pressure in the wake of the fall in the US dollar, but finished above the worst at 417p, down 34, after touching around 398p. **Rothmans** ended 12 cheaper at 335p.

The oil and gas sector remained extremely nervous ahead of the Chancellor's decision on the BP issue. The latter moved erratically, sliding to 243p and then rallying to 256p before closing a net 5 off at 254p, after a turnover of 22m shares.

**Cluff Oil** raced up 11 to 102p as brokers Wood Mackenzie were said to be bidding 100p a share for up to 10 per cent of Cluff shares.

Traded option activity was slightly higher yesterday with a total of 38,566 contracts transacted made up of 19,082 calls and 19,484 puts. The **FTSE** contract attracted only 298 calls, but some 3,232 puts were arranged. **Hanson Trust** calls were again prominent at 3,949: puts in Hanson totalled 744. **BP** attracted 1,632 calls and 1,307 puts.

### FINANCIAL TIMES STOCK INDICES

| | Oct. 28 | Oct. 27 | Oct. 26 | Oct. 23 | Oct. 22 | Year ago | 1987 High | 1987 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 90.14 | 88.92 | 89.68 | 87.50 | 86.06 | 82.34 | 93.32 (8/5) | 83.73 (19/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 93.69 | 93.19 | 93.42 | 91.96 | 91.90 | 88.87 | 99.12 (15/6) | 90.23 (2/1) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary ♥ | 1288.5 | 1322.0 | 1307.1 | 1396.8 | 1435.3 | 1267.2 | 1,926.2 (16/7) | 1,288.3 (28/10) | 1,926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 323.8 | 330.2 | 390.5 | 386.4 | 399.0 | 285.9 | 497.5 (4/8) | 288.2 (19/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| Ord. Div. Yield | 4.80 | 4.66 | 4.67 | 4.37 | 4.22 | 4.42 | | | | |
| Earnings Yld.%(full) | 11.93 | 11.57 | 11.50 | 10.76 | 10.41 | 10.19 | | | | |
| P/E Ratio (net) (*) | 10.26 | 10.57 | 10.66 | 11.40 | 11.78 | 12.03 | | | | |
| SEAQ Bargains (5 pm) | 45,378 | 57,523 | 57,989 | 74,661 | 86,240 | — | | | | |
| Equity Turnover (£m) | — | 1843.51 | 1493.72 | 3021.66 | 2688.91 | 1043.95 | | | | |
| Equity Bargains | — | 74,392 | 78,322 | 99,151 | 114,974 | 43,618 | | | | |
| Shares Traded (ml) | — | 778.6 | 659.2 | 863.4 | 919.1 | 332.2 | | | | |

| S.E. ACTIVITY Indices | Oct. 27 | Oct. 26 |
|---|---|---|
| Gilt Edged Bargains | 145.4 | 166.6 |
| Equity Bargains | 482.0 | 507.5 |
| Equity Value | 3726.2 | 3019.2 |
| 5-Day Average | | |
| Gilt Edged Bargains | 146.0 | 147.9 |
| Equity Bargains | 616.9 | 625.5 |
| Equity Value | 4804.9 | 5197.4 |

| ♥ Opening | 10 a.m. | 11 a.m. | Noon | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1305.1 | 1288.7 | 1260.6 | 1258.2 | 1260.1 | 1263.8 | 1243.9 | 1264.3 |

Day's High 1307.6 Day's Low 1242.5 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 15.67 * Nil=10.11.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

### NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (1)
INT. BANK & O'SEAS GOVT.

STERLING ISSUES
Sweden 13½pc 2010

NEW LOWS (282)
AMERICANS (29), CANADIANS (12), BANKS (8), BREWERS (3), BUILDINGS (8), CHEMICALS (6), STORES (12), ELECTRICALS (14), ENGINEERING (9), FOODS (4), INDUSTRIALS (27), INSURANCE (10), LEISURE (3), MOTORS (1), NEWSPAPERS (1), PAPERS (4), PROPERTY (7), SHIPPING (2), TEXTILES (4), TRUSTS (84), OILS (5), OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (22), THIRD MARKET (4).

### Traditional Options

- First dealings Oct 5
- Last dealings Oct 16
- Last declarations Jan 7
- For Settlement Jan 18

*For rate indications see end of London Share Service*

Stocks to attract money for the call included Ferranti, Phoenix Properties, Consolidated Gold Fields, Talbex, Attwoods, North Kalgurli, Astra Trust, Raine Industries, Select TV, Rotaprint, Barratt Developments, Central and Sheerwood, Inoco, British Petroleum, Regalian, Courtaulds, Rolls-Royce, Norex, Queens Moat, Hyman, Hillsdown Holdings,Jaguar, Rothmans, Taylor Woodrow, GKN, Cable and Wireless, J. Waddington, Sears, Bryant Holdings, Renold, Astra Holdings, Marley, Hanson Trust, Phicom, Woolworth, Norfolk Capital, Eagle Trust, GEC, Marks and Spencer and Harris Queensway. Greenwich Resources were dealt in for the put, while a double options was arranged in Camford.

### TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing price | Day's change | Stock | Volume 000's | Closing price | Day's change |
|---|---|---|---|---|---|---|---|
| ASDA-MFI | 7,800 | 164 | −4 | Jaguar | 3,500 | 286 | −27 |
| Allied Lyons | 8,700 | 338 | +4 | Ladbroke | 1,200 | 307 | −22 |
| Amstrad | 9,000 | 118 | −4 | Land Securities | 1,500 | 428 | −7 |
| Argyll Group | 7,900 | 181 | −4 | Legal & Gen. | 812 | 256 | −7 |
| Assoc. Brit. Foods | 316 | 289 | −4 | Lloyds Bank | 812 | 256 | −7 |
| BAA | 4,000 | 107 | −1 | LASMO | 2,900 | 258 | −5 |
| BAT | 8,600 | 417 | −34 | Lonrho | 752 | 243 | −26 |
| BET | 1,300 | 203 | −6 | Lucas | 1,900 | 225 | −6 |
| BICC | 1,300 | 297 | −20 | MEPC | 563 | 490 | −19 |
| BOC | 1,000 | 329 | −6 | Marks & Spencer | 1,700 | 403 | −22 |
| BPB Inds | 3,000 | 257 | +12 | Maxwell Comm | 13,000 | 202 | −4 |
| | | | | Midland Bank | 2,400 | 217 | −5 |
| BTR | 3,600 | 236 | −22 | Natwest Bank | 1,400 | 350 | −13 |
| Barclays | 1,700 | 463 | — | Next | 2,600 | 570 | +10 |
| Bass | 3,200 | 833 | +26 | Pearson | 3,400 | 248 | −28 |
| Beecham | 3,750 | 378 | −20 | P & O | 1,100 | 595 | −43 |
| Blue Arrow | 1,900 | 99 | +2 | Pilkington Bros | 1,300 | 485 | −3 |
| Blue Circle | 902 | 317 | +7 | Plessey | 4,700 | 204 | −14 |
| Boots | 7,450 | 230 | +1 | Prudential | 6,700 | 145 | −2 |
| Brit. Airways | 6,100 | 140 | −12 | Racal | 666 | 778 | −15 |
| Brit. Aero | 1,700 | 340 | −5 | Rank Org. | 9,200 | 198 | −18 |
| Brit. & Comm. | 24,000 | 137 | −4 | RHM | 679 | 265 | −55 |
| British Gas | 2,450 | 208 | −10 | Reckitt & Col | 626 | 784 | +5 |
| Britoil | 22,000 | 254 | −5 | Redland | 1,900 | 364 | −5 |
| BP | 14,000 | 229 | +4 | Reed Intl. | 2,700 | 380 | −19 |
| Brit. Telecom. | 4,300 | 149 | −12 | Reuters | 2,200 | 426 | −46 |
| Bunzl | 5,600 | 220 | −3 | RTZ | 1,600 | 318 | +15 |
| Burton | 7,800 | 286 | −18 | Rolls-Royce | 17,000 | 125 | −3 |
| Cable & Wire | 8,500 | 230 | +6 | Rothmans Intl | 548 | 335 | −12 |
| +Cadbury Schwps | 1,050 | 248 | −21 | Rowntree | 913 | 404 | −3 |
| Coats Viyella | 1,900 | 321 | −7 | Ryl Bank Scotland | 1,200 | 328 | +7 |
| Comm. Union | 1,400 | 768 | −25 | Royal Insurance | 1,100 | 380 | −10 |
| Cons. Gold | 1,400 | 532 | −19 | STC | 3,100 | 203 | −3 |
| Cookson | 1,400 | 532 | −19 | Sainsbury | 2,900 | 234 | −6 |
| Courtaulds | 1,700 | 328 | −24 | Scott & Newcastle | 2,900 | 195 | +3 |
| Dee Corpn | 6,400 | 171 | −1 | Sears | 2,800 | 126½ | +2½ |
| Dixons Group | 5,700 | 248 | −10 | Sedgwick | 923 | 209 | −4 |
| Eng. China Clays | 465 | 353 | −17 | Shell Trans | 2,100 | £10½ | −¼ |
| Fisons | 3,700 | 255 | −3 | Smith & Nephew | 4,200 | 129 | −3 |
| Gen. Accident | 383 | 770 | −5 | Standard Chart | 662 | 488 | — |
| Gen. Elect. | 19,000 | 173 | −8 | Storehouse | 2,400 | 270 | −11 |
| Glaxo | 3,700 | £10⅝ | −½ | Sun Alliance | 651 | 805 | −53 |
| Globe Investment | 1,700 | 131 | −9 | TSB | 7,400 | 107 | −10 |
| Granada | 562 | 270 | −1 | Tarmac | 2,600 | 215 | −7 |
| Grand Met | 5,600 | 361 | −39 | Tesco | 8,500 | 155 | −14 |
| GUS "A" | 685 | £11½ | +⅜ | Thorn EMI | 2,600 | 444 | −26 |
| Guardian R.E. | 1,100 | 840 | −5 | Trafalgar House | 2,400 | 301 | +1 |
| GKN | 1,300 | 260 | +4 | T'house Forte | 9,000 | 193 | −7 |
| Guinness | 3,800 | 260 | −7 | Ultramar | 888 | 205 | −6 |
| Hammerson | 470 | 468 | −32 | Unilever | 1,500 | 458 | −12 |
| Hanson Trust | 18,000 | 124 | −1 | United Biscuits | 1,500 | 257 | +5 |
| Hawker Sidd | 1,400 | 407 | −7 | 0Wellcome | 1,100 | 308 | −5 |
| Hillsdown Hldgs | 3,700 | 252 | −3 | Whitbread "A" | 1,200 | 274 | +1 |
| ICI | 3,800 | £10⅛ | −⅜ | Woolworth | 1,800 | 292 | +5 |

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 113 | — | — |
| Corporations, Dominion and Foreign Bonds | 22 | 3 | 30 |
| Industrials | 127 | 1,098 | 361 |
| Financial and Properties | 35 | 452 | 143 |
| Oils | 15 | 76 | 23 |
| Plantations | 2 | 5 | 7 |
| Mines | 50 | 72 | 73 |
| Others | 79 | 125 | 59 |
| Totals | 443 | 1,831 | 696 |

## FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Wed Oct 28 1987 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (27%) | Est. P/E Ratio (Net) | xd adj. 1987 to date | Tue Oct 27 Index No. | Mon Oct 26 Index No. | Fri Oct 23 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (214) | 683.13 | −3.4 | 10.31 | 4.15 | 12.18 | 18.27 | 706.94 | 701.81 | 773.59 | 652.59 |
| 2 | Building Materials (30) | 882.22 | −1.7 | 10.53 | 4.17 | 11.84 | 22.91 | 897.35 | 877.67 | 965.27 | 786.28 |
| 3 | Contracting, Construction (33) | 1280.18 | −1.7 | 9.87 | 3.93 | 13.54 | 29.46 | 1302.83 | 1271.89 | 1459.32 | 1105.48 |
| 4 | Electricals (14) | 1813.13 | −4.7 | 9.99 | 4.80 | 13.06 | 54.41 | 1903.14 | 1868.95 | 2030.66 | 1744.44 |
| 5 | Electronics (34) | 1489.38 | −4.1 | 10.85 | 3.39 | 12.02 | 35.33 | 1553.25 | 1595.55 | 1708.87 | 1415.93 |
| 6 | Mechanical Engineering (60) | 360.77 | −2.8 | 10.12 | 4.44 | 12.43 | 11.01 | 370.97 | 367.74 | 411.41 | 359.48 |
| 8 | Metals and Metal Forming (7) | 378.30 | −3.5 | 10.63 | 4.46 | 11.45 | 9.11 | 383.88 | 385.82 | 439.42 | 333.09 |
| 9 | Motors (14) | 252.28 | −2.9 | 12.24 | 4.60 | 9.50 | 5.86 | 259.73 | 260.03 | 292.71 | 254.31 |
| 10 | Other Industrial Materials (22) | 1139.87 | −5.6 | 9.15 | 4.55 | 13.00 | 36.48 | 1207.81 | 1175.24 | 1287.17 | 1198.67 |
| 21 | CONSUMER GROUP (182) | 980.35 | −2.6 | 8.40 | 3.59 | 15.14 | 18.71 | 1007.75 | 993.88 | 1059.58 | 922.52 |
| 22 | Brewers and Distillers (21) | 915.94 | −2.0 | 10.96 | 4.05 | 11.52 | 17.52 | 934.19 | 929.55 | 981.66 | 934.41 |
| 25 | Food Manufacturing (23) | 777.25 | −1.1 | 9.48 | 4.00 | 13.62 | 16.66 | 785.50 | 772.91 | 822.06 | 706.96 |
| 26 | Food Retailing (16) | 1993.83 | −3.6 | 7.39 | 2.96 | 18.04 | 39.67 | 2069.12 | 2018.78 | 2081.06 | 1874.09 |
| 27 | Health and Household Products (10) | 1656.64 | −3.3 | 6.78 | 2.68 | 17.05 | 16.41 | 1712.45 | 1702.77 | 1830.31 | 1503.32 |
| 29 | Leisure (30) | 1023.90 | −4.1 | 7.82 | 4.44 | 15.96 | 28.16 | 1067.52 | 1064.47 | 1163.57 | 916.18 |
| 31 | Packaging & Paper (16) | 478.32 | −5.3 | 8.64 | 3.72 | 15.24 | 11.13 | 505.08 | 510.64 | 549.31 | 461.61 |
| 32 | Publishing & Printing (15) | 3266.74 | −3.1 | 6.19 | 4.33 | 20.71 | 67.89 | 3372.08 | 3311.18 | 3530.12 | 2581.59 |
| 34 | Stores (35) | 849.21 | −1.2 | 8.31 | 3.46 | 16.29 | 16.95 | 859.49 | 841.67 | 895.64 | 851.19 |
| 35 | Textiles (16) | 585.19 | −6.0 | 10.77 | 3.94 | 10.74 | 12.57 | 622.58 | 687.74 | 676.21 | 524.81 |
| 40 | OTHER GROUPS (87) | 803.71 | −2.9 | 10.81 | 4.41 | 11.52 | 20.82 | 827.47 | 818.85 | 879.20 | 776.25 |
| 41 | Agencies (17) | 967.11 | −4.7 | 6.48 | 2.34 | 20.28 | 16.79 | 1015.04 | 1008.32 | 1160.51 | 0.0 |
| 42 | Chemicals (21) | 968.72 | −4.7 | 10.18 | 4.75 | 12.01 | 33.10 | 1016.87 | 1021.69 | 1107.94 | 986.29 |
| 43 | Conglomerates (13) | 1039.35 | −2.3 | 9.89 | 4.50 | 11.57 | 22.33 | 1063.47 | 1064.70 | 1140.31 | 0.0 |
| 45 | Shipping and Transport (11) | 1709.50 | −2.5 | 9.91 | 4.82 | 13.25 | 51.44 | 1752.93 | 1708.70 | 1812.25 | 1501.83 |
| 47 | Telephone Networks (2) | 871.79 | +0.3 | 11.63 | 4.64 | 11.47 | 18.98 | 868.82 | 849.74 | 879.98 | 763.79 |
| 48 | Miscellaneous (23) | 1106.86 | −5.9 | 13.56 | 4.25 | 8.79 | 32.87 | 1176.33 | 1159.63 | 1273.02 | 1087.13 |
| 49 | INDUSTRIAL GROUP (483) | 864.06 | −2.9 | 9.53 | 3.95 | 13.21 | 19.71 | 889.66 | 879.68 | 947.75 | 822.49 |
| 51 | Oil & Gas (17) | 1643.60 | −2.3 | 10.43 | 5.96 | 11.83 | 65.73 | 1682.53 | 1693.57 | 1802.30 | 1309.35 |
| 59 | 500 SHARE INDEX (500) | 930.19 | −2.8 | 9.67 | 4.25 | 12.98 | 23.68 | 956.93 | 948.78 | 1020.24 | 864.21 |
| 61 | FINANCIAL GROUP (120) | 621.38 | −2.2 | — | 4.97 | — | 20.08 | 635.33 | 626.45 | 677.34 | 602.07 |
| 62 | Banks (8) | 629.84 | −0.9 | 21.22 | 6.19 | 6.23 | 25.98 | 634.78 | 625.60 | 680.75 | 651.23 |
| 65 | Insurance (Life) (8) | 880.40 | −2.8 | — | 5.23 | — | 32.56 | 905.72 | 883.32 | 922.12 | 806.88 |
| 66 | Insurance (Composite) (7) | 482.36 | −2.5 | — | 5.71 | — | 17.20 | 494.74 | 486.45 | 520.90 | 476.92 |
| 67 | Insurance (Brokers) (8) | 883.55 | −3.5 | 12.57 | 6.48 | 10.18 | 38.19 | 915.86 | 914.99 | 989.55 | 1279.80 |
| 68 | Merchant Banks (12) | 388.29 | −0.9 | — | 3.41 | — | 8.69 | 391.73 | 387.49 | 411.54 | 341.78 |
| 69 | Property (49) | 912.98 | −3.6 | 5.30 | 3.25 | 24.32 | 16.02 | 946.96 | 943.19 | 1027.80 | 787.99 |
| 70 | Other Financial (28) | 402.10 | −2.3 | 8.94 | 3.97 | 14.19 | 10.39 | 411.59 | 402.14 | 453.71 | 354.19 |
| 71 | Investment Trusts (88) | 840.94 | −4.4 | — | 2.94 | — | 15.17 | 879.89 | 884.39 | 948.95 | 811.67 |
| 81 | Mining Finance (2) | 388.86 | +1.6 | 11.69 | 4.39 | 9.63 | 10.41 | 382.82 | 393.61 | 441.54 | 320.77 |
| 91 | Overseas Traders (10) | 881.37 | −0.2 | 10.40 | 5.53 | 11.27 | 33.95 | 883.56 | 847.18 | 942.17 | 754.56 |
| 99 | ALL-SHARE INDEX (720) | 847.91 | −2.7 | — | 4.32 | — | 22.36 | 871.35 | 863.73 | 930.33 | 792.72 |

| | Index No. | Day's Change | Day's High | Day's Low | Oct 27 | Oct 26 | Oct 23 | Oct 22 | Oct 21 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX ‡ | 1658.4 | −44.9 | 1682.1 | 1598.0 | 1703.3 | 1684.1 | 1795.2 | 1833.2 | 1903.8 | 1597.0 |

### FIXED INTEREST

| | PRICE INDICES | Wed Oct 28 | Day's change % | Tue Oct 27 | xd adj. today | xd adj. 1987 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 123.18 | +0.51 | 122.55 | — | 9.45 |
| 2 | 5-15 years | 139.89 | +0.94 | 138.60 | — | 12.01 |
| 3 | Over 15 years | 148.76 | +0.68 | 147.76 | — | 12.02 |
| 4 | Irredeemables | 168.96 | +1.66 | 166.19 | — | 13.35 |
| 5 | All stocks | 136.85 | +0.76 | 135.82 | — | 11.23 |
| | Index-Linked | | | | | |
| 6 | 5 years | 121.45 | +0.58 | 120.75 | — | 2.18 |
| 7 | Over 5 years | 109.30 | +0.72 | 108.51 | — | 2.89 |
| 8 | All stocks | 110.15 | +0.71 | 109.37 | — | 2.82 |
| 9 | Debentures & Loans | 118.44 | +1.34 | 116.87 | — | 9.39 |
| 10 | Preference | 83.10 | +0.09 | 83.03 | — | 4.95 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Wed Oct 28 | Tue Oct 27 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low Coupons | 5 years | 8.76 | 8.98 | 9.79 |
| 2 | | 15 years | 9.26 | 9.32 | 10.43 |
| 3 | | 25 years | 9.07 | 9.14 | 10.44 |
| 4 | Medium Coupons | 5 years | 9.37 | 9.58 | 11.26 |
| 5 | | 15 years | 9.45 | 9.55 | 10.78 |
| 6 | | 25 years | 9.21 | 9.30 | 10.42 |
| 7 | High Coupons | 5 years | 9.43 | 9.65 | 11.32 |
| 8 | | 15 years | 9.63 | 9.74 | 10.96 |
| 9 | | 25 years | 9.27 | 9.36 | 10.53 |
| 10 | Irredeemables † | | 8.98 | 9.15 | 10.23 |
| | Index-Linked | | | | |
| 11 | Inflation rate 5% | 5yrs. | 3.29 | 3.48 | 4.33 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.27 | 4.31 | 3.82 |
| 13 | Inflation rate 10% | 5 yrs. | 3.44 | 3.62 | 2.91 |
| 14 | Inflation rate 10% | Over 5 yrs. | 4.30 | 4.34 | 3.65 |
| 15 | Debs & Loans | 5 years | 11.20 | 11.23 | 11.65 |
| 16 | | 15 years | 10.77 | 10.97 | 11.60 |
| 17 | | 25 years | 10.77 | 10.97 | 11.55 |
| 18 | Preference † | | 10.99 | 11.00 | 11.58 |

‡Opening index 1679.9; 10 am 1661.2; 11 am 1623.9; Noon 1619.9; 1 pm 1621.0; 2 pm 1626.2; 3 pm 1599.0; 3.30 pm 1622.0, 4 pm 1626.3

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Brown (Matthew)(9) and Equity & Law(65) have been deleted and replaced by Britannia Securities(48) and Osprey Estates(69)

## LONDON TRADED OPTIONS

| Option | | Calls Jan. | Calls Apr. | Calls Jly. | Puts Jan. | Puts Apr. | Puts Jly. |
|---|---|---|---|---|---|---|---|
| Allied Lyons (*323) | 330 | 30 | 45 | 52 | 30 | 37 | 40 |
| | 360 | 16 | 33 | 40 | 50 | 55 | 62 |
| | 390 | 10 | 20 | 28 | 75 | 80 | 83 |
| Brit. Airways (*136) | 140 | 30 | 43 | 55 | 23 | 33 | 40 |
| | 160 | 13 | 35 | 45 | 38 | 45 | 48 |
| | 180 | 10 | 20 | 30 | 55 | 55 | 55 |

| Option | | Calls Nov. | Calls Feb. | Calls May | Puts Nov. | Puts Feb. | Puts May |
|---|---|---|---|---|---|---|---|
| LASMO (*238) | 220 | 33 | — | — | 7 | — | — |
| | 240 | 25 | 40 | — | 23 | 32 | — |
| | 260 | 18 | 30 | 40 | 40 | 48 | 55 |
| Pilkington (*198) | 220 | 12 | 30 | 40 | 37 | 48 | 53 |
| | 240 | 8 | 20 | 30 | 48 | 58 | 63 |
| | 260 | 5 | 12 | 20 | 65 | 72 | 77 |

## LONDON RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### "RIGHTS" OFFERS

# WORLD STOCK MARKETS

## AUSTRIA

## BELGIUM/LUXEMBOURG

## DENMARK

## FINLAND

## FRANCE

## GERMANY

## ITALY

## NETHERLANDS

## NORWAY

## SPAIN

## SWEDEN

## SWITZERLAND

## AUSTRALIA

## AUSTRALIA (Continued)

## HONG KONG

## JAPAN

## JAPAN (Continued)

## SINGAPORE

## SOUTH AFRICA

## CANADA

### TORONTO

*Closing prices October 28*

F—No voting rights or restricted voting rights.

### MONTREAL

*Closing prices October 28*

| | | | | | |
|---|---|---|---|---|---|
| 51822 | Bank Mont | $26¾ | 25¾ | 26⅛ | −⅜ |
| 26400 | BombrdrA | $8¾ | 8 | 8⅛ | −⅜ |
| 149455 | BmbrdrB | $8¾ | 8¼ | 8⅜ | −⅜ |
| 5250 | CB Pak | $14 | 13½ | 14 | +¾ |
| 111491 | Cascades | $7⅞ | 6⅞ | 7⅛ | −⅛ |
| 19300 | ConBath | $14⅞ | 13⅞ | 13½ | −1½ |
| 2306 | DomTxtA | $15¼ | 15 | 15 | −⅛ |
| 2900 | MntTrst | $12¼ | 11¾ | 12 | −¼ |
| 134929 | NatBk Cda | $10½ | 9⅞ | 10⅛ | +⅜ |
| 41426 | Noverco | $10⅜ | 9¾ | 10⅛ | −⅛ |
| 113125 | Power Corp | $12¼ | 11¾ | 12 | |
| 24777 | Provigo | $8½ | 8⅛ | 8⅜ | −⅛ |
| 14200 | Repap Ent | $11 | 9 | 9 | −2⅞ |
| 1000 | RollandA | $11¼ | 11 | 11¼ | +¼ |
| 49032 | Royal Bank | $27¾ | 27¼ | 27¼ | −⅜ |
| 4650 | SteinbrgA | $33¼ | 31¾ | 32¾ | −¾ |
| 41800 | Videotron | $10¾ | 10 | 10¾ | +⅛ |

Total Sales 9,219,730 shares

## Indices

### NEW YORK-DOW JONES

### STANDARD AND POORS

### N.Y.S.E. ALL COMMON

| Oct 28 | Oct 27 | Oct 26 | Oct 23 | 1987 High | 1987 Low |
|---|---|---|---|---|---|
| 131.88 | 130.51 | 127.88 | 139.22 | 187.99 (25/8) | 127.88 (22/10) |

### RISES AND FALLS

| | Oct 27 | Oct 26 | Oct 23 |
|---|---|---|---|
| Issues traded | 2,041 | 2,023 | 2,075 |
| Rises | 941 | 132 | 675 |
| Falls | 821 | 1,779 | 1,098 |
| Unchanged | 279 | 112 | 302 |

### NEW YORK ACTIVE STOCKS

| Tuesday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| American Medical | 3,891,500 | 11½ | — |
| AT&T | 3,528,300 | 27½ | +1¼ |
| Allegis | 2,919,700 | 71 | +9½ |
| General Electric | 2,806,000 | 43⅞ | +1⅞ |
| American Express | 2,485,300 | 23⅛ | +1⅛ |
| IBM | 2,484,000 | 118 | +6 |
| Navistar | 2,454,200 | 4⅞ | +¼ |
| Ford Motor (xd) | 2,106,000 | 70 | +2 |
| Exxon | 1,926,700 | 43 | +1⅞ |
| Gillette (xd) | 1,856,200 | 25 | +1½ |

### LONDON — Most Active Stocks
Wednesday, October 28, 1987

| | Stocks Traded | Closing Price | Change on Day |
|---|---|---|---|
| Brit Gas | 24.8m | 137 | −4 |
| BP | 22.8m | 254 | −5 |
| Gen Elect | 18.8m | 173 | −8 |
| Hanson Tr. | 18.0m | 124 | −1 |
| Rls Royce | 17.0m | 125 | −3 |
| Brit Telecom | 14.9m | 229 | +4 |
| Mrks & Spncr | 13.0m | 202 | −4 |
| Racal | 9.2m | 198 | −18 |
| Amstrad | 9.0m | 118 | −4 |
| T'house Forte | 9.0m | 183 | −7 |

### TOKYO — Most Active Stocks
Wednesday, October 28, 1987

| | Stocks Traded | Closing Prices | Change on Day |
|---|---|---|---|
| Kawasaki Stl | 85.05m | 27 | −11 |
| Nippon Stl | 77.95m | 422 | −18 |
| Sato Kogyo | 24.85m | 947 | −13 |
| Nippon Kokan | 22.89m | 338 | −5 |
| Nishimatsu Const | 22.55m | 850 | +15 |
| Hitachi Ltd | 20.80m | 1,100 | −90 |
| Mitsubishi Heavy Ind. | 20.40m | 615 | −18 |
| Osaka Cement | 18.54m | 640 | +31 |
| Sumitomo Metal | 17.39m | 382 | −5 |
| Toshiba | 16.53m | 660 | −28 |

## LONDON Chief price changes (in pence unless otherwise indicated)

**RISES:**

| | | |
|---|---|---|
| Tr 14½pc 1994 | £123¹⁹⁄₃₂ | +1⁵⁄₃₂ |
| Tr 13pc 2000 | £123½ | +1¹⁹⁄₃₂ |
| BPB | 257 | +12 |
| Bass | 833 | +26 |
| Bl. Circle | 317 | +7 |
| Cad Scwps | 230 | +6 |
| Harl. Simon | 205 | +8 |
| Klein. Bens. | 450 | +47 |

**FALLS:**

| | | |
|---|---|---|
| BAT Inds. | 417 | −34 |
| BTR | 236 | −22 |
| Brit Aero | 375 | −12 |
| Cble & Wrls | 286 | −18 |
| Cookson | 532 | −19 |
| Glaxo | £10⅜ | −½ |
| Grand Met. | 361 | −39 |
| ICI | £10¼ | −½ |
| Jaguar | 286 | −27 |
| Ladbroke | 307 | −22 |
| Lucas | 490 | −19 |
| MEPC | 403 | −22 |
| Next | 248 | −28 |
| Racal Elec. | 198 | −18 |
| Steetley | 299 | −19 |
| Sun All. | 805 | −53 |
| TI | 274 | −15 |
| TSB | 107 | −10 |
| Thorn EMI | 444 | −26 |
| Will. Faber | 271 | −18 |

## OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 39

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 39

# NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

X Y Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Ch'ge |
|---|---|---|---|---|---|---|---|---|---|---|
| 85 | 50 | Xerox | 3 | 6.0 | 11 | 13270 | 52½ | 50 | 50⅝ | -2⅛ |
| 58¼ | 52½ | Xerox pf5.45 | | 10. | | 21 | 53⅞ | 53½ | 53¾ | -¼ |
| 31½ | 19¼ | XTRA .64 | | 2.8 | 19 | 386 | 24⅝ | 23 | 23 | -1 |
| 28⅛ | 18½ | XTRA pf1.94 | | 9.7 | | 250 | 20 | 20 | 20 | -2 |
| 33⅞ | 16½ | Yorkin | | | 7 | 402 | 18 | 17½ | 17⅞ | -⅞ |
| 7⅛ | 2¼ | Zapata | | | | 1296 | 3⅝ | 3⅛ | 3⅛ | -¼ |
| 37 | 14⅝ | Zayre | .40 | 2.4 | 6 | 8961 | 17½ | 16 | 16⅞ | -⅛ |
| 18⅛ | 10½ | Zemex | .49 | 4.0 | 6 | 86 | 10⅝ | d | 9¾ | 10 |
| 33⅝ | 10 | ZenithE | | | | 7739 | 12⅞ | 11⅝ | 12¼ | +⅝ |
| 13½ | 3⅝ | ZenLab | | | | 23904 | 4 | 3⅞ | 4 | +⅛ |
| 28⅝ | 13½ | ZenNtl | .80 | 5.2 | 9 | 259 | 15½ | 13⅝ | 15⅛ | +1½ |
| 28⅝ | 11⅝ | Zero | .36 | 3.0 | 12 | 308 | 12⅛ | d11⅛ | 12⅛ | +⅛ |
| 30¼ | 15 | Zurnls | .38 | 4.4 | 10 | 603 | 16⅞ | 15¼ | 15⅞ | -2 |
| 10⅝ | 7⅝ | Zweig | .88e | 7.8 | | 1075 | 8½ | 8⅛ | 8⅜ | +¼ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.



# AMEX COMPOSITE CLOSING PRICES

# OVER-THE-COUNTER

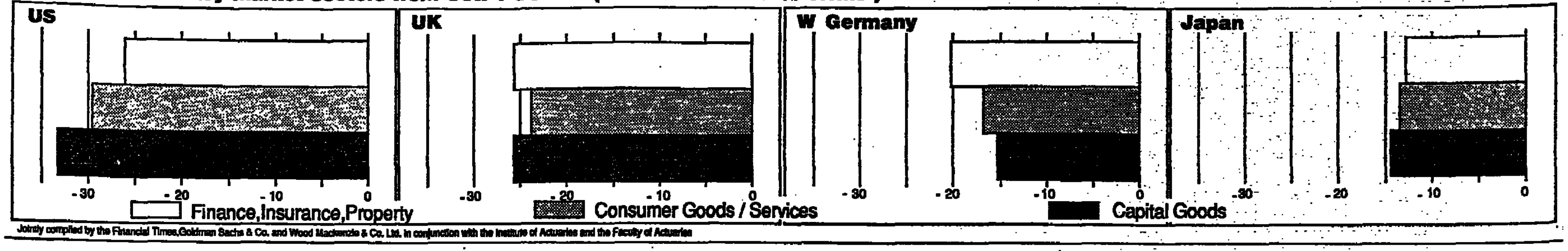
*Nasdaq national market, closing prices*

Continued on Page 37

FINANCIAL TIMES

WORLD STOCK MARKETS

Losses in three key market sectors from Oct. 1-Oct. 27 ( % falls in US dollar terms )




Jointly compiled by the Financial Times,Goldman Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

AMERICA

# See-saw trading leaves Dow little changed

WHIP-SAWED by the dollar, Wall Street's blue chip stocks managed to end another volatile session yesterday little changed while other stocks and bonds fell, *writes Roderick Oram in New York.*

Intervention by the Federal Reserve only briefly halted the dollar's slide. Bonds fell in sympathy by about half a point.

Stocks fell steeply at the opening because of the weak US currency and heavy selling from overseas investors. A mid-morning rally on the back of an uptick in the dollar was rapidly aborted as the currency resumed its fall.

The Dow Jones industrial average closed down 0.33 of a point at 1,846.82, after swinging between a loss of 65 points and gain of 35 during the morning.

The Standard & Poor 500 index of blue chip stocks followed the same pattern to close up 1.18 at 234.37. But broader indices were lower with the New York and American stock exchange composite indices down 0.20 to 130.32 and 4.51 to 234.01 respectively and the Nasdaq over-the-counter composite off 4.44 at 291.90.

New York Stock Exchange volume remained brisk at 280m shares, the heaviest of its four sessions to-date which have closed two-hours early. Declining issues outpaced advancing by a ratio of more than two-to-one.

Institutions appeared to be particularly keen buyers of computer and semiconductor stocks which were hit harder than the market as a whole last week out of fears that demand for their products would suffer if the economy went into recession.

IBM which announced a $1bn share buyback on Tuesday, was unchanged at $118, Digital Equipment added $9⅝ to $125½, Apple rose $2¼ to $33½, Hewlett Packard gained $3¼ to $45, Motorola rose $2½ to $40, Intel added $3 to $31¼ and National Semiconductor was up $½ to $11¼.

Allegis continued to be one of the market's high fliers, soaring a further $2 to $73. Analysts expect recent disposals of car rental and hotel businesses will result in a special cash dividend of between $60 and $65 a share.

Santa Fe Southern Pacific gained $1⅞ to $46½ following news that Henley Group, up $1 to $20, had increased its stake in the railroad and resources group to 14.1 per cent from 5.03 per cent.

Continental Illinois slipped $⅛ to $2¼. The Chicago bank holding company announced a restructuring which will emphasise corporate finance

Morgan Stanley fell $5¼ to $46⅝ and Salomon Inc. lost $1⅜ to $17⅞. Both investment dealers have helped underwrite the new British Petroleum issue which if the UK government decides to go ahead with it would cause around $2.54bn of losses at present market prices for its UK and US underwriters.

Credit markets held up relatively well to the dollar's slide overnight and to the rather anemic central bank intervention to support the US currency.

Bonds opened some ½ point lower in New York, rallied on a pickup of the dollar to stand slightly ahead, but eased later. By late afternoon the Treasury's 8.75 per cent Treasury benchmark long bond was down ½ a point at 97⅛ yielding 9.11 per cent.

Retail investor interest in the long bond had evaporated when the yield fell below 9 per cent on Tuesday but it picked up again as it rose above 9 per cent yesterday, suggesting the market is finding a trading range.

Help came from a relatively easy Fed funds rate at which banks lend reserves to each other. The rate stayed below the Fed's apparent target of around 7 per cent thanks to the Fed adding further reserves to the banking system. Highly unusually, the action was announced 24 hours before the intervention. Normally, the market has no warning. The Fed has added reserves every day for the past two weeks.

## CANADA

AFTER recovering from an early sharp drop, Toronto share prices were buoyed by a rally on Wall Street.

The composite index, which had fallen almost 93 points earlier in the day, ended 38.30 down at 2,837.80. Falling issues led those advancing by 815 to 213 in heavy volume of 34.6m shares.

Brokers said the dollar's weakness on foreign markets depressed market sentiment, with the market's own vacillations increasing investor nervousness.

STRONG industrials and a comeback by golds led Johannesburg shares higher for the first session since October 19.

Golds more than erased Tuesday's losses, the sector's index climbing a provisional 53 to 1,908. Bellwether Vaal Reefs was up R15 at R383 after falling R18 at the opening. Southvall was R10 ahead at R186 and both Randfontein and Western Deep were R5 up at R355 and R165 in turn.

Leading mining financial Anglo American made up R3 to R74 with Gencor R3 stronger at R63. Diamond stock De Beers added R1.50 to R35.50 abd Vansa Vanadium climbed R1 to R6.

Barlows paced industrials with a R1.50 gain to R22.50, while Messina added R2.50 to R14.50 and Anglo Vaal Industrial leapt R7.50 to R38. The overall market index added 70 to a provisional 2,134.

Stephen Fidler looks at the expiry of Hong Kong's October futures contract

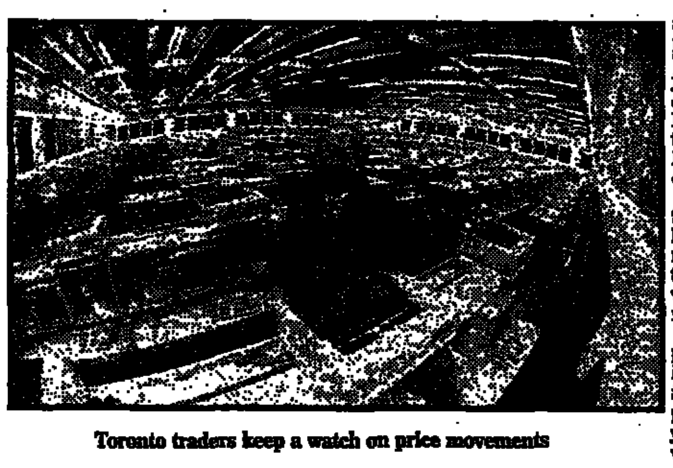
# Hang Seng in the balance

THE SHAKY Hong Kong stock market today faces a major test which could well set the tone for nervous stock markets worldwide.

The major question is how the market copes with the expiry today of the October futures contract on the market's Hang Seng index.

Open positions in the contract were still very large - some 4,000 contracts worth roughly HK$400m (US$51m). Many of these contracts are thought to be held by stockbrokers who have been carrying short positions in the futures market but long positions in the underlying shares.

A HK$4bn lifeboat has been established to restore confidence in the futures market. But in the words of one UK broker: "Hong Kong may now have the best capitalised futures market in the world, but it's just pushed the problems down the road to the stock market."



Toronto traders keep a watch on price movements

Under normal circumstances, the cash needed to be put up to finance the short positions would be raised from selling the shares. But worries about counterparty risk - that buyers of the shares may not be able to come up with the cash to pay for them - is increasing concerns about what will happen when these shares are sold.

Among the measures expected to be put in place by the stock exchange to restore confidence is the early retirement of its chairman, Mr Ronald Li.

Important Hong Kong companies, financial institutions, including some on the mainland, and wealthy individuals have pledged support for the market. Their success in preventing major damage will be critical not only for confidence in the Hong Kong market, but - because of the nervousness of equity markets worldwide - on a far broader scale as well.

Apart from Australia, where the markets followed New York higher yesterday, most other major exchanges again registered losses, the sharpest of which were in continental Europe.

A new factor has come into play to worry investors - the falling dollar. Unsurprisingly, Wall Street was jittery about the prospects of a dollar free-fall yesterday, although nerves were calmed by the foreign exchange intervention by central banks in support of the US currency.

But the concern was also a factor in share price declines in West Germany, Switzerland and France, since a dollar fall raises the price of European exports in the US.

EUROPE

# London battens down in global whirlwind

LONDON found itself the centre of the storm in the world securities markets yesterday as the fall in the US dollar continued to alarm global investors, *writes Terry Byland in London.*

The UK market was severely buffeted by heavy selling of international blue chips and then by a highly volatile opening performance by Wall Street.

Hovering over both bond and equity sectors was the uncertainty over the £7.2bn ($12.2bn) British Petroleum share sale, on which Mr Nigel Lawson, the UK Chancellor of the Exchequer, intends to rule today.

The first half of the trading session looked extremely gloomy, with heavy selling of Japanese and US equities while their respective home markets were closed.

Losses in Japanese exporting stocks were particularly severe, extending to around 10 per cent below closing levels at the previous session in Tokyo. US stocks quickly gave back the overnight gains scored in New York.

Also driving share prices down was a burst of selling from fund managers who decided not to wait for today's decision on the BP share sale. The UK underwriters to the issue, unlike their US counterparts, have sub-underwritten their risk and many London houses face losses.

British government bonds, in contrast, soared at first when traders took the view that the BP sale would be carried through, thus reducing pressures for further government funding.

But both sectors changed step when the cohorts of Wall Street entered the game. The Street's early gyrations saw the UK equity sector first extend its losses and then stage a convincing recovery.

At the close, the FT-SE 100 Index was 44.9 down at 1,658.4, after more than halving its mid-session loss.

Bonds, slightly disappointed that UK bank base rates have not yet been reduced again, subsided towards the close to the accompaniment of turmoil in the LIFFE bond futures pits.

Some equity traders professed ability to discern signs of sanity re-appearing in what was an extremely hectic session.

"We may now be within sight of real value again in the share market," said Mr Roger Charlesworth at Chase Manhattan. "Yields of 5½ per cent on some good class equities look more sensible measured against 9.4 per cent on Government bonds. But the market is still too volatile for comfort." Few would disagree with his last remark.

# Sharp dollar fall bruises Europe

THE FRAGILE recovery in the bigger European bourses on Tuesday snapped yesterday as the dollar's fall helped push prices towards their lowest levels for a year or more, *writes Our Markets Staff.*

**FRANKFURT** was savaged by a fierce round of institutional and foreign selling prompted by the dollar's slide and chronic anxiety over world markets. The midsession Commerzbank index dived 89.3 to 1,496.9, a 5.6 per cent fall to its lowest point since September 1985.

Export-dependent cars fared abysmally. Luxury model maker Porsche fell headlong, losing DM160, or 20.8 per cent, to DM610. Daimler lost 10 per cent of its value, down DM88 to DM798, BMW fell 7.9 per cent to DM490, off DM42, and VW fell 6.8 per cent by DM21 to DM288.

Bayernhypo's DM39 fall to DM351 led banks steeply lower, with Deutsche off DM41 at DM497 and Commerzbank down DM8.50 to DM236. Insurer Allianz was 8.1 per cent cheaper at DM1,060, a DM93 fall.

Tyre group Continental dropped DM25 to DM241.50, a 9.4 per cent fall which left it 20 per cent below the DM300 issue price of its continuing rights issue. In chemicals, Schering dived DM63 to DM445, while BASF lost DM11 to DM270.50. Bayer's DM15.50 fall to DM280.50 leaves it trading on a p/e ratio of 6.

**ZURICH** fell sharply, with the all-share index 5.5 per cent off at 847.7, but losses were steeper among blue chip bearers as foreign investors sold while the dollar hit a record low against the Swiss franc.

Among the deepest losses, financial service stock Adia lost SFr1,100 to SFr5,900; while insurer Winterthur shed SFr600 to SFr4,800.

Weaker banks saw Bank Baer down SFr2,200 to SFr14,800, Union Bank off SFr85 at SFr3,840 and Swiss Bank SFr15 cheaper at SFR390. Insurer Swiss Re cheapened SFr900 to SFr12,000 and Zurich lost SFr550 to SFr5,050.

**BRUSSELS** slumped a further 7 per cent after having clung gamely to its ground this week. The cash index fell 231.84 to a year's floor of 3,992.37.

Former foreign favourites fell furthest, with Reserve down BFr210 at BFr2,490 and GBL BFr190 to BFr2,950 in holdings. Petrofina dropped SFr875 to BFr9,800. Solvay's BFr1,475 fall to BFr10,000 left it 27 per cent cheaper since last Friday.

Elsewhere, utility Unerg plunged BFr250 to BFr2,500 and steel group Clabecq BFr84 to BFr666. A strong profits forecast was no insurance for AG, which dived BFr590 to BFr5,600.

**PARIS** matched its "Black Monday" fall of 9.7 per cent in broad, relentless selling, with buyers picking up stock only to unload it promptly.

Among the sharpest blue chip falls, Navigation Mixte gave up FFr143 to FFr572, while GTM Entrepose shed FFr94 to FFr385 and Schneider lost FFr29 to FFr244 - in each case a low for the year.

Thomson-CSF slumped FFr99 to FFr700 and Cie du Midi FFr110 to FFr110 to FFr790. Peugeot reversed FFr123 to FFr1,035.

**AMSTERDAM** suffered a sharp reversal to approach a low for the year as the all-share index closed at 68.7, down from 73.9.

Internationals were battered afresh. Akzo crumbled a further Fl 11.50 to Fl 114, Philips lost Fl 2.40 to Fl 35.60, Royal Dutch fell Fl 7.50 to Fl 207 and Unilever gave up Fl 5.50 to Fl 103. KLM was Fl 3.20 down at Fl 34.80 and said it was postponing an issue of dividend right certificates in Switzerland.

**MILAN** was depressed further in an anxious flight from quality. The MIB index fell 2.22 per cent to a fresh low for the year of 750.

**OSLO** plunged yet further, with the all-share index down 14.24 to 308.23, a 4.6 per cent fall.

**STOCKHOLM** closed lower as foreign selling overwhelmed some domestic institutional buying.

**MADRID** extended its heavy losses in a widespread sell-off. The general index closed down 7.79 at 234.06.

ASIA

# Nikkei sinks as yen charts an upward course

## TOKYO

THE HIGH VELOCITY of share price oscillations continued in Tokyo yesterday as stocks swung through an early advance, lifted by rallies on overseas markets, and back into a decline as the dollar fell, *write Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average of 225 select issues managed a 376-point upsurge early in the morning session, recovering to the 23,000 level for the first time in three sessions. But it closed a net 257.43 down at 22,577.53 as a weaker dollar undermined confidence.

Turnover totalled 859.54m shares, down from 939.84m on Tuesday. Advances outnumbered declines by 484 to 415, with 134 issues unchanged.

Non-residents continued to sell Japanese stocks through the four large securities houses, but the volume of sales returned to the levels before last week's crash.

A report that Cato Institute Chairman William Niskanen had said that the US should break away from the Louvre accord on currency rate stability, caused fears over the outlook for both the stock and foreign exchange markets. These worries became more apparent as the dollar declined below 141 yen in Tokyo.

High technology stocks, which led Tuesday's rally on institutional buying, suffered a sharp setback, losing many of their previous gains. Hitachi fell Y90 to Y1,100 and Toshiba slid Y20 to Y660, while Matsushita Electric Industrial dropped Y140 to Y1,910 and NEC fell Y80 to Y1,820 while Sony plummeted Y280 to Y3,950.

Construction issues lost most of the ground gained in the morning. Sato Kogyo climbed Y15 to Y975 early in the session but ended a net Y13 lower at Y947 in active trading and Ohbayashi Corp. lost Y10 to Y1,070 after registering a Y50 gain.

Railway stocks also turned lower, with Tobu Railway down Y30 at Y1,010 and Keisei Electric Railway off Y10 at Y840.

Large-capitals fell with the trend. Kawasaki Steel, the most active stock with 86.05m shares traded, lost Y11 to Y327 and Nippon Steel, second most active with 77.95m shares, declined Y10 TO Y422. Nippon Kokan was off Y5 AT Y330.

Mitsubishi Petrochemical soared Y120 to Y1,240 on a report that its recurring profit estimate for the year ending in December had been upwardly revised to Y28bn. Speculative buying lifted Osaka Cement Y31 to Y640.

Bond prices tended easier in nervous morning trade. The 5.1 per cent Government bond, due in June 1996, which opened at 5.300 per cent compared with Tuesday's 5.330 per cent, dropped to 5.000 per cent before closing at 5.065 per cent.

The Osaka Securities Exchange also rose then fell as the rising yen triggered selling of export-oriented stocks. The OSE stock average dropped 51.33 to 23,081.92 on a volume of 116.65m shares, up 14.22m.

Rohm turned down, losing Y460 to Y3,700, Sanyo Electric Railway declined Y140 to Y1,180 as profit-taking set in and Osaka Soda added Y140 to Y2,000.

**BANGKOK:** Selective bargain-hunting lifted bank stocks in active trading, but their gains could not offset continued sharp declines in other sectors, notably cement.

Falls were not as steep as in previous days. The Securities Exchange of Thailand (SET) index has lost 30 per cent in the past seven sessions.

**TAIPEI:** A late rally pulled share prices back to Tuesday's closing levels after a very weak start. Prices rebounded after the Ministry of Finance announced more measures to try to revive the market.

The ministry said investors would be allowed to use stock holdings as collateral to borrow money from banks starting today.

**SEOUL:** Psychologically disheartened by further falls in Asia and on Wall Street, investors in Seoul continued to sell, sending prices sharply lower.

**MANILA:** Fading hopes for a major oil find in the southwestern Philippines triggered a sell-off of oil shares and took other stocks broadly lower.

## HONG KONG

Strong initial support buckled under heavy selling pressure as overseas investors continued to dump stocks. Uncertainty over the futures market and the unwinding of long positions aggravated the situation.

Continuing moves by large institutions to mop up blue chips and steady prices prevented a larger fall. The Hang Seng index lost 25.56 to 2,370.16 and turnover slipped to HK$4.41bn from HK$3.56bn on Tuesday.

A HK$10bn rights offer by the Cheung Kong property group also continued to weigh on the market.

Banks posted moderate and selected gains but property and utility stocks retreated.

## SINGAPORE

Concern over the political situation in Malaysia caused share prices in Singapore to weaken across the board. Malaysian counters saw large sell-offs after news that 55 politicians had been arrested and three newspapers had been closed in Malaysia. More than 50 per cent of the 320 shares listed on the Singapore stock exchange are owned by Malaysian companies.

The Straits Times industrial index dropped 56.06 to 812.93 or 6.45 per cent, quickly eroding the small gains at the opening. Some local institutional bargain-hunting was insufficient to stem the tide of nervous selling.

Among blue chips, Fraser and Neave shed 80 cents to S$6.60. DBS was down 75 cents to S$8.60, Singapore Airlines lost 55 cents to S$8.60 and Metro slumped S$3.0 to S$5.0.

Elsewhere, Malayan Banking dropped 40 cents to S$3.80.

# Canadian investors take fright as resources run low

THE POWERS-that-be could have picked better weeks to hold a luxury and exotic car show at 2, First Canadian Place, the home of the Toronto Stock Exchange.

Even so, the current atmosphere in the Bay Street financial district is not uniformly glum. "We were really busy last week," reports Marilyn, the well-heeled barmaid at Sammy's, a dark and dingy broker haunt, which boasts a gentleman's lavatory papered with gold US banknotes among its many other attractions. Among her clientele were a group discussing the planned Hawaiian excursion of "Paul with the moustache," an employee of one of the better-known US-based brokerage houses.

But the exuberance which had largely outlived the Toronto market's 4,118.94 point peak on August 14 has now well and truly dissipated.

Allowing for Tuesday's slight recovery, the market has plunged a fraction over 30 per cent in just over two months. In Montreal, the retreat has wiped nearly 35 per cent off market values since the earlier July 16 peak of 2224.77.

Two questions in particular are now paramount in many observers' minds.

The first is why has the currently buoyant resource sector not done more to mitigate the Canadian markets' decline?

In fact, resource stocks have been among the biggest recent losers. Noranda has slumped as much as 49 per cent from its 52-week high. Cominco has done likewise. Inco and Alcan have been down 45 per cent and 43 per cent respectively - despite reporting extremely encouraging quarterly profits in recent days.

The gold sector as a whole, meanwhile, has fallen 41 per cent since September 24 - a period in which the bullion price has actually edged up by about 3 per cent.

Toronto investors watch metals, shafted by the crash

Mr Murray Grossner, a portfolio strategist with Richardson Greenshields of Canada, explains these apparent anomalies in terms of the "absolute retrenchment" of the market. "Resource stocks generally trade at big premiums to underlying book value compared with industrials," he explains. At times like these, when people are looking for security, "resource stocks are exposed," he adds.

Mr John Ing, president of Maison Placements in Toronto, meanwhile, points to the "knee-jerk reaction" of the market. "There are fears of a serious recession around the corner," he says. "This means that commodities would be hard hit."

With regard to gold stocks, Mr Ing says that the impact of the selling spree has been compounded by a lack of buyers. "Gold has been one of the leading performers in last couple of years," he adds, "but investors have just fled."

This may help to explain why the heavily speculative and goldmine oriented Vancouver Stock Exchange has taken a particularly severe bashing. The market, which peaked at 2,709.50 on August 21, continued to fall on Tuesday - by a marginal 2.09 points - to 1,200.46.

A high proportion of business at Vancour is traditionally done by the general public. This leads onto the second main area of concern in the market; namely the degree to which small retail investors will be put off by the crash.

One development which does not angur well for stocks were the long queues which formed at the beginning of the week to buy Canada Savings bonds when this year's issue went on sale.

While many investors were doubtless lured primarily by the 9 per cent guaranteed rate of return, which recent interest rate reductions have contrived to make highly competitive, the cast iron security of the instruments was also a factor.

"With no risk it's a yield that's hard to turn down," according to one savings bond buyer who happened to be a stock portfolio manager by profession.

**David Owen**

# Golds shine as Sydney moves to higher ground

A BETTER showing on Wall Street and a good start in Tokyo helped Australian share markets to stage a modest recovery yesterday after two days of particularly heavy price falls, *writes Bruce Jaques in Sydney.*

The rally lifted the All Ordinaries index 71.6 points to 1,389.9, a rise of just over 5 per cent. Still shaky confidence was undermined when the futures market share price contract closed at a 38 point discount. However, trading was buoyed by a sizeable fall in interest rates in the Federal Government's latest treasury note tender.

Gold stocks were particularly strong. The gold index gained nearly 200 points, despite a falling US dollar gold price, in a technical correction after overselling earlier in the week. The weaker Australian dollar pegged the Sydney gold price at a near-record A$675 an ounce.

Most of the share price gains were viewed as being an adjustment after the events of the past few days which cut some of the country's leading stocks to rock bottom levels. Elders IXL climbed 15 cents to A$3.10 on turnover of 2.9m shares. Brambles rose A$1 to A$11.50. News Corp added A$1 to A$7.50 while BHP regained 50 cents to A$7.80. All these stocks are still below their levels at the beginning of the week.

Bell Group gained 30 cents to A$4.10 after recent heavy falls, but Bell Resources shed a further 5 cents to A$1.75.

Industrials joined the rally and dealers reported a return of buying by private clients and institutions after their notable absence. There was also some limited but still hesitant overseas buying.